## DOCUMENT RESUME

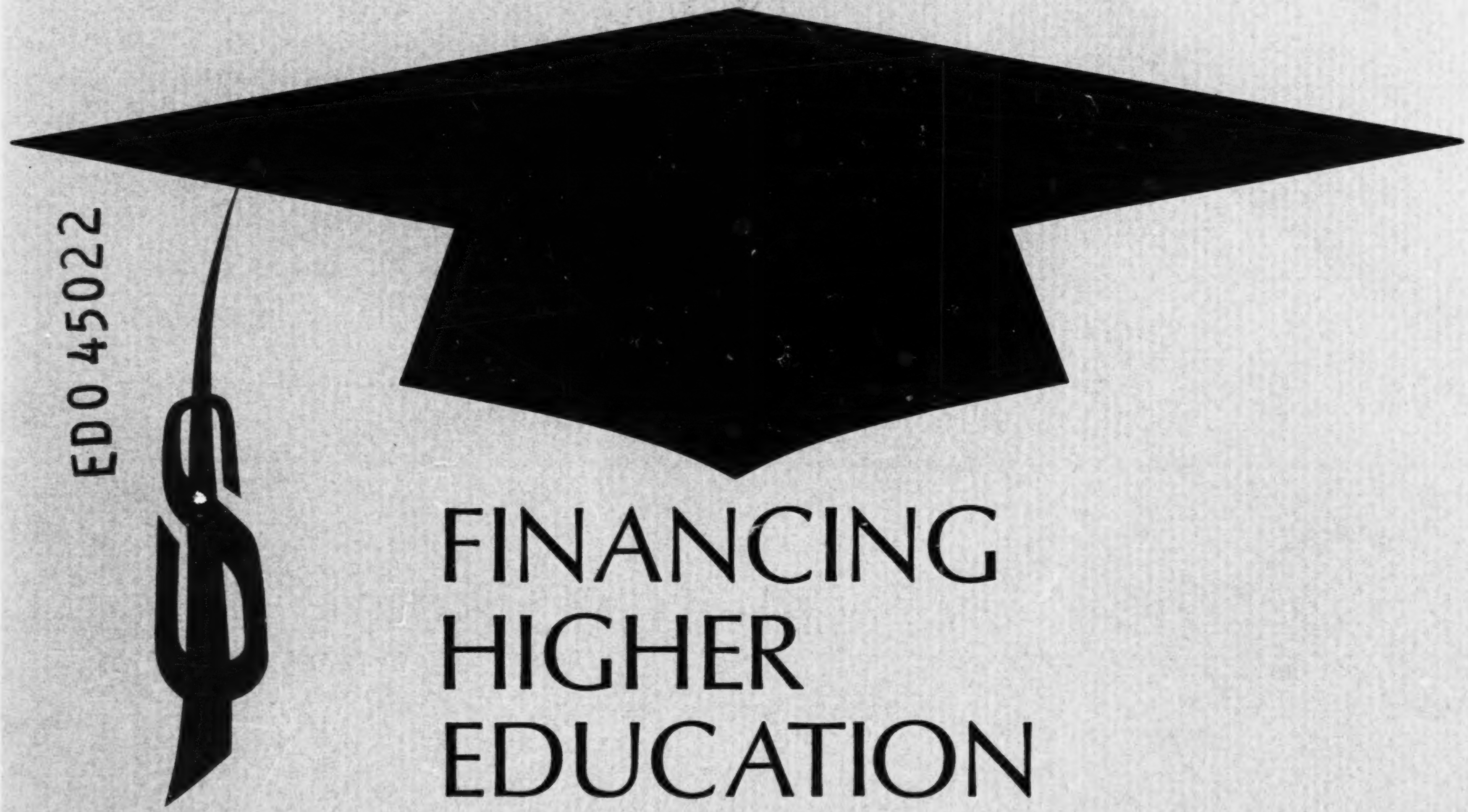
ED 045 022 HE 001 849

| | |
|---|---|
| TITLE | Financing Higher Education. |
| INSTITUTION | Southern Regional Education Board, Atlanta, Ga. |
| PUB DATE | 66 |
| NOTE | 94p.; Proceedings of the 15th Annual Legislative Work Conference of the Southern Regional Education Board, Asheville, North Carolina, July 27-30, 1966 |
| EDRS PRICE | EDRS Price MF-$0.50 HC-$5.15 |
| DESCRIPTORS | Budgeting, Capital Outlay (for Fixed Assets), *Costs, *Educational Finance, *Financial Needs, Financial Support, *Higher Education, Planning, State Aid, *Student Costs |

ABSTRACT

The presentations to the annual legislative work conference of the Southern Regional Education Board were divided in five sections: (1) trends in higher education, (2) future costs of higher education, (3) budgeting processes, (4) capital expenditures, and (5) student costs. These proceedings also include a summary of the workshop proceedings; special addresses by Governor Dan K. Moore, Governor Carl E. Sanders, and Frank G. Dickey; the resolutions; and the roster of delegates and participants. (AF)

ED0 45022



# FINANCING HIGHER EDUCATION

U.S. DEPARTMENT OF HEALTH, EDUCATION & WELFARE
OFFICE OF EDUCATION
THIS DOCUMENT HAS BEEN REPRODUCED EXACTLY AS RECEIVED FROM THE PERSON OR ORGANIZATION ORIGINATING IT. POINTS OF VIEW OR OPINIONS STATED DO NOT NECESSARILY REPRESENT OFFICIAL OFFICE OF EDUCATION POSITION OR POLICY.

HE001849

PROCEEDINGS OF THE FIFTEENTH ANNUAL LEGISLATIVE WORK CONFERENCE OF THE SOUTHERN REGIONAL EDUCATION BOARD / ASHEVILLE, NORTH CAROLINA / JULY 27-30, 1966

## TABLE OF CONTENTS

Page

FOREWORD . . . . . . . . . . . . . . . . . . . . . . . . . . v

TRENDS IN HIGHER EDUCATION

Lyman A. Glenny. . . . . . . . . . . . . . . . . . . . . . . 1

FUTURE COSTS OF HIGHER EDUCATION

John Dale Russell . . . . . . . . . . . . . . . . . . . . . 14

BUDGETING PROCESSES

Comer S. Coppie. . . . . . . . . . . . . . . . . . . . . . 26
James L. Miller, Jr. . . . . . . . . . . . . . . . . . . . 29

CAPITAL EXPENDITURES

E. T. Dunlap. . . . . . . . . . . . . . . . . . . . . . . . 33
John X. Jamrich . . . . . . . . . . . . . . . . . . . . . . 38

STUDENT COSTS

M. M. Chambers . . . . . . . . . . . . . . . . . . . . . . 43
Kingston Johns, Jr. . . . . . . . . . . . . . . . . . . . 48
E. F. Schietinger . . . . . . . . . . . . . . . . . . . . . 53
Russell I. Thackrey . . . . . . . . . . . . . . . . . . . . 57

SUMMARY OF WORKSHOP DISCUSSIONS

A. J. Brumbaugh . . . . . . . . . . . . . . . . . . . . . . 60

SPECIAL ADDRESSES

Governor Dan K. Moore . . . . . . . . . . . . . . . . . . . 65
Governor Carl E. Sanders . . . . . . . . . . . . . . . . . 70
Frank G. Dickey. . . . . . . . . . . . . . . . . . . . . . 75

RESOLUTIONS. . . . . . . . . . . . . . . . . . . . . . . . 84

ROSTER OF DELEGATES AND PARTICIPANTS. . . . . . . . . . . . 86

# FOREWORD

Although money does not guarantee an outstanding educational program, there cannot be quality or effectiveness in higher education without adequate financing. Southern legislatures, recognizing this, have greatly increased appropriations to higher education during recent years. Questions inevitably arise, however, about how much an effective educational program needs to cost and how one determines what can be bought for any particular amount.

The 1966 Legislative Work Conference of the Southern Regional Education Board was devoted to the topic, "Financing Higher Education." In Asheville, North Carolina, on July 27-30, over 100 legislators from 15 Southern states turned their attention to such subjects as future costs of higher education, capital expenditures, cost to students, and the budgeting process.

In addition to presentations by educators on these subjects, they heard addresses from Governor Dan K. Moore of North Carolina and Governor Carl E. Sanders of Georgia, and a special presentation on accreditation in higher education. The presentations made during the Conference are reprinted here in order to make them available to a wider audience.

The Legislative Work Conference is planned by the Legislative Advisory Council of the Southern Regional Education Board. This Council is composed of Senators and Representatives from the 15 states served by the Board. The purpose of the Conference is to provide opportunities for Southern legislators to develop a clearer understanding of higher education and its changing problems and opportunities.

Winfred L. Godwin, Director
Southern Regional Education Board

# TRENDS IN HIGHER EDUCATION

LYMAN A. GLENNY

Recently, I stated in another part of the country and in another context that "the future often makes fools of social scientists who predict historical events." It now looks as if I shall be running that risk in the South as well as the West Coast, for the subject I deal with today is a look to the future for the states and higher education.

To detect trends in higher education entails some professional competence, but to foresee the results of trends engages all of the faculties and experience that a person can possibly bring into focus. Long-range projections, however scientifically determined or computerized, are likely to be wrong in significant ways. This is especially true in higher education because of the multitude of variables involved, many of which relate to subjects we know little about, such as student motivation, the learning process, or means for developing talents of both the gifted and the under-educated.

Even the United States Census Bureau, which provides the nation with projections of the number of college-age youth, finds itself confronted with a birthrate which unexpectedly rises and falls with no consideration whatever for the professional predictor. At the moment while the birthrate falls the average size of families rises.

Despite the quirks of human reproduction, legislators and those persons planning for education must of necessity look ahead and plan ahead. The major trends now apparent for higher education seem likely to continue for at least another ten or twenty years, for the children are already alive and the interests of the states and the nation require them to be educated to the highest levels possible. By this I mean a quality education for every child, whatever his origin or economic status. I also mean that the individual's artistic and intellectual talents should be developed to their ultimate capacity. Failure to do so will only reflect in the society as delinquency, loss of productivity, demoralization, and insecurity.

Oddly enough, in the United States, with its long history of universal education, we are only now beginning to realize the very high correlation between the level of education and the economic well-being of a state's population. The greatest unexploited resource any state has is the brainpower of its people. The states which can provide universal high quality education through the graduate levels of college and then provide a social environment in which educated people wish to live will be those most fortunate in the country. Economic prosperity will be a natural outcome.

* * *

Dr. Glenny is Director, Illinois Board of Higher Education.

The mobility of population among the states of the country increasingly makes neighbors of us all. Thus our own well-being is more and more dependent on the well-being of the general population. It is no longer strictly a state or a regional problem--it is national. While the problem is a national one, each state still holds the legal responsibility for education of children within its borders. Traditionally this has been true and it will remain true for the future. The major changes occurring now reveal the national scope of the problem but also the need for reallocation of financial and other resources in order that the states may attack their problems on a more nearly equal footing.

What then are the trends for the next ten years or more?

First, and the chief cause of our future problem, is the numbers. The college-age population in the nation, youths of 18-24 years, will increase by 72 percent from 1960 to 1975 and by 84 percent in 1980. The numbers are even more staggering. In 1960 there were about 15 1/2 million college-age youths. In 1975 there will be 27 million and by 1980 about 29 million. In the future as in the past, the Southern states will have about one-third of all college-age youth or in 1975, over 8 1/2 million and in 1980, about 9 1/2 million. And significantly, while the South has slightly over 32 percent of the youth, the U. S. Census Bureau projections indicate that only 31 percent of the total population will live in the South. (Population Estimates Series P-25, No. 326, Feb. 7, 1966. Table 5, p. 22.)

It is one thing to predict the numbers of college-age youth in each state and region but quite another and more difficult task to estimate the number who will attend college. The rate at which young people enroll is dependent upon many factors such as family background, personal motivation and aptitude, the cost, and the availability of college opportunities. The increasing rate or percent of young people going to college accounts as much for the number enrolled as does the increase in population of the age group. For example, in Illinois between 1950 and 1960 the number of 18-21 year olds increased only 2 1/2 percent but the number attending college increased by 39 percent.

In the fall of 1965, the State of Utah had a college enrollment rate of 85 percent, the highest in the nation. On the other extreme was Alaska with a 20 percent rate and North Dakota was in the middle with 49 percent. The states cooperating with the Southern Regional Education Board had an overage rate of 35 1/2 percent, well below the nation median of 49 percent. Unfortunately the rate in most Southern states is not accelerating upward as fast as the nation as a whole. Since 1960, the national rate has risen from 39 to 49 percent or ten points, while the Southern states' rate increased from 28 1/2 to 35 1/2 percent or seven points.

To illustrate the difference which rates will have on the numbers in college, I use Kentucky figures because this state currently has the 35 1/2 percent rate which is the average for the whole South. Kentucky currently enrolls 76,000 students. By 1975 it will enroll 87,000 students even if its college-going rate remains the same as in 1965. If the projected national rate of 60 percent is achieved in Kentucky by 1975, the enrollment will be 157,000. This means that Kentucky and the Southern states as a whole will at least need to double enrollment by 1975 just to be at the national average. (If the 60 percent rate can be achieved, the SREB states will be enrolling over three million students in 1975, compared to the 1.4 million in 1965.)

The doubling of enrollments will be no small task, and several other trends will lend additional complications. I refer to the trend toward more diversity in programs and types of institutions and to the temporary but growing shortage of well-qualified faculty members.

Increasingly, training and education for a wide variety of occupational specializations are being shifted from trade unions, industry, and specialized proprietary institutions to the realm of higher education. Most of the shift, but by no means all, is toward the comprehensive community college and technical institute. A vast array of semi-technical and technical programs of one and two years duration are being developed in state systems of two-year colleges. California, as early as 1962, offered 101 different specializations in its junior colleges and the number increases yearly. The success of California in providing needed occupational curriculums leading directly to employment aided that state considerably in attracting both additional population and new industries. Most states are now promoting the community college concept. In Illinois, for example, the Master Plan legislation for junior college development has in one year brought about organization of 21 two-year colleges, each of which will enroll from one to five thousand students. Ten to fifteen more colleges are to be developed within the next year. (Illinois has about five percent of the nation's college-age youth.)

In the South, new two-year colleges are also being developed, but slowly. The trend toward more junior colleges should be encouraged. Only 13 percent of your students attend such colleges. If college-going rates are to be improved, the two-year college can provide more widespread opportunity at a lower cost than any other type of collegiate institution. In California, 60 percent of all college students are enrolled in community colleges and the proportion is increasing rapidly in Texas, New York, Illinois, and several other states.

Such colleges must be designed to offer both occupational and liberal arts programs of a high quality. Even so, the unit costs of both construction and operation are likely to be less than for senior level institutions.

Curriculum specializations are also increasing at graduate and professional levels. With knowledge doubling and tripling within a single generation, the need for intense study of narrowly defined fields accelerates. The trend is most characteristic of the natural, physical, and biological sciences, all of which carry high-cost price tags.

The proportion of college students is increasing at graduate levels. The new numbers of undergraduate students create need for many more instructors, all of whom must be trained in graduate programs. Social sensitivity to health and welfare needs of the general population are creating severe shortages of trained professionals in these fields. Substantial expansion of medical, dental, pharmacy, and dozens of paramedical disciplines can be anticipated. Industry and government also continue to demand more highly trained specialists.

A companion trend to that calling for expansion of these technical and professional curriculums is for graduates from them and other more traditional programs to continue their educations after they gain a degree or certificate. Adult and continuing education has become a necessity. The Department of Labor estimates that skilled persons working with their hands will need to be retrained every five to eight years. Just as important, physicians, engineers, physicists, chemists, and other highly trained persons find that knowledge gained in obtaining their college degrees, including the doctor's degree, becomes obsolete within five years or so. To remain active in their professions they attend institutes and short courses, or enroll part-time in evening and summer courses. More and more, higher education becomes a continuous process lasting throughout the productive lifetime of many skilled and professional persons.

All of these trends toward greater numbers of college youth, specialized programs, and continuing education have created a growing crisis in faculty numbers and quality. The numbers shortage is developing in the sciences, engineering, medicine, and technology. We do not have a sufficient number of persons in these and certain other fields willing to teach in college. Status, pay, and opportunity are all too limited when compared with business, service, and industrial openings. The other dimension of the problem is quality. Aside from the disciplines mentioned, most colleges find someone to fill every vacant staff position. The difficulty is that the proportion of professors with doctor's degrees if decreasing rapidly while the proportion with only bachelor's or master's degrees is increasing. Traditionally, we look upon a doctorate as the professional degree for college teaching. With the emergence of the two-year college with its many semi-technical programs and certain occupationally oriented programs at senior institutions, the doctorate may no longer be the only appropriate degree requirement. Assuming this to be true, a shortage of qualified faculty members still exists for the remaining programs.

The expansion of existing graduate schools and the creation of new ones is the trend which seeks to solve the problem of faculty numbers and quality.

But quality is elusive and a doctor's degree from a first-rate graduate school cannot reasonably be equated with one from a second or third-rate university. The resources necessary to develop and maintain first-rate graduate education are at least four to five times that for good undergraduate education. States unwilling or unable to provide that level of financing in several schools should concentrate graduate resources at advanced levels in only one or two.

Another trend in relation to faculty numbers and educational quality is the steady increase in the ratio of students to faculty. Using 1957 to 1963 as the base, we find instructional staff members increased 34 percent while students increased 47 percent. (Faculty and Other Professional Staff in Institutions of Higher Education. Fall Term 1963-64. U. S. Office of Education OE-53000-64 Circular No. 794, p. 2.) This, too, is a trend which is likely to continue, primarily because of new teaching techniques, programmed instruction, and more efficiently designed physical facilities.

Programmed instruction can be carried on with computers. Many of the descriptive courses or those requiring much memorization of factual material will in ten years be offered more by computers than by professors. Closed and open-circuit TV has just begun to realize a potential that will allow outstanding faculty members to profess to greater and greater numbers of students. Individual self-study, team teaching, and various audio-visual machines will provide means for more effective instruction while increasing the student-faculty loads.

Physical facilities to house the many students, faculty members, research projects, and educational programs are also becoming more efficient in design and utilization. The greatest improvements are coming in two of the most costly facilities--science laboratories and libraries. Some schools now use laboratories every hour of the day. They are no longer subject to the "vacant" hours needed for setting up teaching equipment and experiments. Central storage, revolving tripartite stages, and closed-circuit TV all contribute to this outcome.

Important changes in library construction have also occurred, providing better accessibility to books, quieter study areas, better lighting, more reading comfort, and more efficient use of stack space. But the real revolution in libraries is yet to come. The old concept of each college accumulating and storing thousands and thousands, if not millions, of books will soon be obsolete. Each college will continue to need the books used as references for day-to-day instruction. They constitute but a small fraction of those normally held by a good library. All other books will be made available from a few very large university libraries through the developing electronic retrieval, transmission, and reproduction processes. Thus, the combined resources of the greatest libraries will be available to many more colleges and universities without the necessity of each acquiring, processing, and storing a comprehensive collection of books and materials. It seems probable within ten or fifteen years that through a single computer center the library needs of a whole state or region of the country may be met. The costs will be high but not so high as continuing present methods of providing library resources at each college.

Also within the next ten years, the utilization of instructional facilities should increase substantially. With the use of computers for assigning students to courses and for scheduling classes, maximal utilization may be obtained throughout the day. Increasingly colleges, particularly the public ones, depart from the former leisurely pace of classes from 8 a.m. to 12 noon and laboratories from 1 to 4 p.m. The workday will encompass all hours from 7 a.m. to 10 p.m. on weekdays and at least half a day Saturday. And while the trimester and the four-quarter systems have been greatly overrated as cost saving devices, more use will be made of facilities during summer months. Not so much for regular students as for the workshops, seminars, short courses, and conferences resulting from the needs of teachers, businessmen, engineers, and scientists for refresher training and education.

Another trend in campus construction reveals less emphasis on building residential facilities in small rural towns and more emphasis on building campuses in urban centers where the students may live at home and commute to school. The savings to each commuter student range from $500 to $800, and savings to the state can be very substantial if it has subsidized construction or operation of residence halls and dining facilities. California found some years ago that the operating costs of a campus increase by about 25 percent if half the students live in campus residence halls.

In spite of the savings mentioned, the trend toward the commuter institution arises primarily from the need to make educational opportunities available to low-and middle-income families and for those who for a variety of reasons cannot be away from home or job to attend college. Thus, states with the most dramatic increases in college-going rates will be those offering commuter opportunities at both two-year and senior colleges.

Having indicated these possible efficiencies for the future, I would be remiss in failing to indicate the physical facility requirements for the next ten years. Peter Muirhead, associate commissioner for higher education in the U. S. Office of Education, recently stated, "It is almost literally true that, if we are to meet even the most conservative estimates of our needs, we must in the next 10 years duplicate the entire national college and university plant we have built since Harvard College was built 330 years ago." ("New Patterns Emerging in Federal Relationships," in College and University Business, June, 1966, p. 51.)

Certainly a review of these trends must make legislators, even more than educators, aware of the need to improve the planning for allocation of state resources in the higher education field. Quite literally, billions of dollars will be spent in the next ten years. For maximum results of all dollars spent from all sources, state central planning is essential.

One of the most influential factors which can lead to the strengthening of the states' role in higher education is the coordinating agency which acts in liaison between both the state and national capitols and the higher education institutions.

Coordinating agencies for public higher education have been generally adopted by the great majority of states. They maintain some agency which attempts to make more rational the complexities of college and university development. Both collegiate administrators and governmental authorities have accommodated themselves to this nascent agency which promises to gain increasing significance as it matures.

The fifty states continue to experiment with three different types of central planning systems. First, serving fewer and fewer states is the voluntary council consisting of public college and university presidents and board members; secondly, maintained by a static number of states is the single governing-coordinating board for all state-supported institutions of higher education, and finally, an increasing number of states have superimposed a coordinating board over the governing boards of individual institutions or systems of colleges and universities. The latter agency varies widely in its composition and powers. The trend is for such coordinating boards to be composed either of a majority or a totality of citizen members who do not directly administer or govern any public institution. State legislatures and governors have delegated increasing power to such boards over statewide planning, budgets, educational and research programs, and other matters pertaining to the expansion of the total state higher educational complex.

The general movement toward creation of coordinating boards of citizen members with substantial powers has been accelerated by three other trends now better identified and better understood than previously. (See McConnell, T. R., A General Pattern for American Public Higher Education, New York, McGraw-Hill Book Co., 1962, and also Glenny, Lyman A., "State Systems and Plans for Higher Education," in Emerging Patterns in American Higher Education, Wilson Logan, ed., Washington, D. C., American Council on Education, 1965.)

Simply stated they are:

1. The coordinating agencies are exercising more and more political leadership in formulating and advocating policies for development and expansion of higher education.

2. More and more Federal grant programs for higher education are being state-oriented rather than institution-oriented.

3. The nonpublic colleges and universities are becoming more and more involved in public policymaking and coordination for all colleges and universities.

Each tendency, in mutual reinforcement, promises to continue indefinitely. In my opinion these trends portend significant consequences to patterns of coordination and cooperation in higher education. The reasons are revealed as we examine each of them.

While both collegiate administrators and state government policymakers find acceptable most coordinating agency activities, their conception of the political role of the agency remains unclear. Yet that role may now be the most important of all those played by coordinating agencies since it makes possible a new and different kind of positive leadership.

The coordinating process is a political one, involving powerful social agencies, such as colleges and universities, with their historic intellectual independence and autonomy on the one side, and the central public policy-formulating authorities of the governor and legislature on the other.

The coordinating agency, situated between these two powerful political forces, seeks to identify with both in order to achieve satisfactory solutions to developmental and financing problems of higher education. The agency role may appear to be strictly one of arbitration or of mediation but it extends much further. Today, its principal legal duty is long-range planning for improving educational quality and for expanding programs and facilities. The responsible exercise of that power necessarily takes from both the universities and the state authorities a valued traditional function; this, in turn, provides the coordinating agency the means to political leadership.

The necessity for statewide planning is now generally accepted by all concerned, and recognizing their own limitations, legislatures assign to coordinating agencies the task of recommending public policy for higher education even though ultimately legislators must act on agency recommendations. While legislators are relieved not to have the responsibility for determining priorities among contending colleges and universities for additional funds and facilities, at the same time they may be resentful of the agency's expert fact-finding and planning proficiency which discourages purely political decisions in such matters as location of new campuses and allocations of funds to institutions.

Statewide long-range planning is the principal legal power which allows the coordinating agency to gain a degree of political leadership. Priorities and determination of need for new programs, new buildings, and new campuses logically follow from a grand design which is subject to continuous reassessment and revision in order to reflect the dynamics of societal change. As master planning becomes a continuous process, the agency gains insight and sophistication in higher education policymaking and its consequences. Within the prescribed policy perimeters of a master plan, the agency may properly exercise its short-run functions of budgeting and program approval without the capricious characteristic of expedient ad hoc planning. The more clearly defined the long-range objectives, the more rationally and easily made are decisions on immediate expansion plans of individual institutions or systems of institutions. Such planning also works to the advantage of the collegiate administrators and state officials in that both have a basis beyond aspiration and wishful thinking for making decisions.

Subordinate to, but part of, agency planning power is budget review. This power, too, will be exercised with far more sophistication than previously. System-wide studies of unit costs and of building capacity and utilization already produce valuable information. In greater use will be formulas and subformulas which reflect the differences among institutions in types of programs, level of students, and unit costs.

For implementation of master plans, several additional powers recently have been delegated to the agencies. Some of the most common are: establishing minimum admission standards, approving nonacademic construction projects, setting minimum tuition and fees, and discontinuing programs.

The second great trend toward more cooperation and coordination in higher education finds its matrix in the national capitol rather than that of the state.

Title I of the Higher Education Facilities Act of 1963 provides grants to colleges and universities for construction of academic facilities. For administration at the state level it requires an "agency which is broadly representative of the public and of institutions of higher education." Generally, the governor designated the existing coordinating agency if it were constituted of public members as well as representatives of institutions. If not, citizens were added to membership or a new agency was created to meet this requirement.

Subsequently, the Higher Education Act of 1965 made the same "broadly representative" requirement in the administration of Titles I, IV, and VI. These Titles provide grants, respectively, for community services and continuing education, scholarships and loans, and for certain instructional equipment. The U. S. Office of Education requested the governors to appoint, if possible, the same agency for the new Title VI as for the 1963 Facilities Act. Only a few governors have failed to comply. In most cases, in states where the board was properly constituted, Titles I and IV of the 1965 Act were also assigned to the existing coordinating agency.

Three developing conditions provide support to the idea of placing Federal programs under a coordinating agency.

First, the number of Federal programs and the diversity of state agencies administering them will eventually require coordination. Some Federal acts already call for close coordination with previously authorized Federal programs and for auditing and validation of data from colleges and universities. Institutions themselves will demand a consolidation of the latter activities in order to limit the number of different on-campus reviews and of the number of agencies with which to deal.

Second, the states and particularly the governors, who designate the state agencies for administration of Federal programs, are finding that many have considerable potential for overlap with each other and with those of state origin. Some governors have already anticipated coordinative needs by designating one or two agencies to administer most of the new programs, and the state coordinating board usually has received the major assignments.

Third, and most important, state governments will become aware that Federal programs administered through several different agencies do not efficiently support implementation of a state master plan for higher education. In fact, the agencies, even if not working at cross purposes to the plan, will usually have independent goals in mind. As conflicts occur among goals, state coordinating boards will request the governor to reassign or coordinate Federal activities in a manner to produce maximum attainment of master plan objectives. Several boards have already suggested this policy to governors and have received sympathetic responses.

Evidence indicated all three of these tendencies toward greater coordination are gaining momentum at this moment.

These trends have already caused concern, if not alarm, among certain university administrators and their national associations. The land-grant colleges and universities have traditionally dealt directly with the Federal government. This practice provides a great deal of independence from state legislative and executive control, and the recent attempt of the President to reduce certain "land-grant" funds in favor of the new grant programs administered through the state understandably aroused the concern of these university administrators. Similarly, the American Council on Education, which has been generally favorable to state planning and coordination, now appears to be opposed to further strengthening the state's role with Federal funds.

In higher education, the growing attitude is for fewer Federal "strings" to be attached to money awarded the states and for fewer programs to be administered directly from Washington. With continued and mounting pressures from virtually all major state sources for more Federal funds and fewer restrictions on their expenditure, grants to states will gain support despite the efforts of the Land-Grant Association and the American Council to obtain more Federal funds granted directly to the universities, thus by-passing any state agency.

As a result of statewide master planning and of Federal grant legislation which applies to nonpublic institutions as well as public colleges and universities, nonpublic institutions are being drawn into the state coordination process at an accelerated rate. Thus, the state capitol and the nonpublic campuses achieve closer and closer relationships.

Constitutional restrictions have not barred state surveys and master plans from increasingly involving the nonpublic institutions with the public on a voluntary and cooperative basis. They have become an integral participant in studies of students, faculties, programs and facilities and sometimes indirectly gain from the final plans. One substantial gain has been provision for tuition scholarships which may be used either in public or nonpublic colleges. It is not unusual for two-thirds or more of the total funds to go to students attending nonpublic colleges.

Nonpublic colleges also benefit from other master plan actions. Plans for expansion of programs and campuses of the public system of colleges consider as fully as possible the contributions already being made by nonpublic institutions. Sites of new public junior colleges and senior institutions are selected with an eye to protecting nonpublic colleges, particularly if such colleges are not highly restrictive because of tuition costs, admission standards, or church affiliation.

In addition to the indirect aids provided the nonpublic colleges, some Federal programs now require that no differentiation be made between public and nonpublic institutions in approving grant applications. With this partnership in Federal programs, the state agencies involved have as much contact with many nonpublic institutions as with those in the public system. To reassert a point made previously, it would seem probable that in order to limit the number of different state agencies having such intimate relationships with institutions, those in the nonpublic segment, as well as the public, will be seeking centralization of the Federal grant programs in a single state agency, probably the state coordinating board for higher education.

Just as the coordinating board stands in liaison between the public college and the state, so too, will it increasingly serve this function for the nonpublic institution.

Several conclusions of primary interest to legislators can be derived from the many trends in relation to enrollments, programs, faculties, and buildings.

1. The financing problem is acute now and will be even more so in the future.
2. If quality is to be maintained and state resources maximized, the expansion of technical, occupational, and professional programs along with graduate education must be much more carefully planned and developed than in the past.
3. It will be wasteful if new campuses and new types of institutions are developed and located out of political considerations rather than within the context of a long-range comprehensive master plan for higher education.
4. It will behoove every state to establish a state board composed primarily of citizen members for the purpose of formulating, coordinating, and supervising implementation of long-range plans for all of higher education within the state.

# SELECTED ENROLLMENT PROJECTION DATA
# FOR
# SOUTHERN STATES

| | Numbers of College-Age (18-21) Youth (in thousands) | | | College-Going Rate 1965 (actual) |
|---|---|---|---|---|
| | 1960 | 1975 | 1980 | |
| Alabama | 184 | 276 | 283 | 29.05 |
| Arkansas | 95 | 141 | 146 | 33.24 |
| Florida | 242 | 554 | 617 | 37.66 |
| Georgia | 233 | 377 | 393 | 26.15 |
| Kentucky | 173 | 245 | 250 | 35.59 |
| Louisiana | 180 | 307 | 325 | 39.38 |
| Maryland | 158 | 311 | 333 | 43.24 |
| Mississippi | 132 | 196 | 200 | 32.87 |
| North Carolina | 289 | 415 | 424 | 29.15 |
| Oklahoma | 126 | 188 | 190 | 52.70 |
| South Carolina | 159 | 234 | 237 | 20.30 |
| Tennessee | 207 | 302 | 306 | 38.88 |
| Texas | 532 | 931 | 973 | 41.29 |
| Virginia | 248 | 409 | 428 | 27.09 |
| West Virginia | 97 | 113 | 109 | 41.06 |
| Regional Total | 3,065 | 5,001 | 5,214 | Regional Average 35.51 |
| | | | | National Median 48.61 |

Sources: U. S. Census Bureau, "Population Estimates Series P-25" (No. 326, Feb. 7, 1966, Table 5, p. 22)
U. S. Office of Education, "Opening Fall-Term Enrollment Higher Education, 1965" OE 54003-65, Cir., No. 796.

# FUTURE COSTS OF HIGHER EDUCATION

JOHN DALE RUSSELL

The subject of this discussion, "Future Costs of Higher Education," may be considered from at least three points of view. One point of view is that of the individual student. Any thoughtful student starting to college should want to know what it is going to cost him. The student's interest is often limited to the one year he is entering, without much attention to the total cost of a four- or five-year program of study. The student's family, however, may tend to look at the cost for the four or more years of college attendance. Many wise parents make plans for financing a child's attendance at college while the child is very young. The question the parents want the answer to is, "How much will we need to have saved by the time Junior enters college, in order to finance his program of higher education?" If this were a P.T.A. meeting, this is the point of view from which I would discuss the subject.

A second point of view from which the question might be discussed is that of the individual college or university. Many well-managed institutions have been giving thought to this question in recent years, and have been laying out projections of expenditure and income budgets for periods of ten or fifteen years in the future. If this audience were composed of college presidents and business managers, the subject should obviously be discussed from the point of view of the individual institution.

The third point of view from which the subject may be treated is that of the agency supplying funds for higher education. Every state ought to be concerned with this question, and many have made progress in looking ahead at future needs for the support of higher education. The Federal government ought also to be concerned with this problem, but long-range views are not a characteristic of Federal policies regarding the support of higher education; the Federal concern seems largely limited to the period up to the next congressional elections, or perhaps the next presidential election. Inasmuch as the Southern Regional Education Board has called this meeting as a Legislative Work Conference, it would seem clear that the financing of the future costs of higher education should be discussed from the point of view of the state's interest in the problem. My concern in this presentation therefore is with the burden of support the state should look forward to providing in the future for its program of higher education.

## Definitions

Some definitions are necessary for at least three elements in the subject of this paper, to provide a few ground rules for the discussion. The three terms are "future," "costs," and "higher education."

* * *

Dr. Russell is Higher Education Consultant, Bloomington, Indiana.

The term "future," applied to costs of higher education, may mean anything from the annual or biennial appropriations made by the state legislature, to any future period for which reasonable forecasts can be made. Forecasts with considerable reliability can be made about future enrollments for a period of at least fifteen years ahead, because the students who will be attending then are now all born and the total college-age population from which the students will be drawn can be readily predicted for each year of the next fifteen. For this reason it has become customary to make budget projections for at least ten years ahead, and fifteen or eighteen years is not too long a period to consider. Forecasts for twenty or more years ahead could be made, but they do not seem profitable because of uncertainty about so many of the variables that will affect the provision of higher education over the length of time.

The term, "higher education," is here given a broad definition, to include all education beyond the high school given in formally organized institutions or programs. This definition will in the future probably include varieties of instruction not now a regular part of college and university curriculums. Examples of fields that now seem to be headed toward rather complete acceptance as a necessary part of a state's provision of higher education are preparation for nursing and technical-occupational instruction. Other fields not even now dreamed of may emerge--an example might be traffic safety courses. Because this is a "Legislative Work Conference," the consideration will be limited to higher education under public control, neglecting the "future costs" in the privately controlled sector of American higher education.

The third term, "costs," is commonly limited to the concept of current fund expenditures. Members of state legislatures are undoubtedly interested also in the volume of capital outlay funds that will be needed for new college and university buildings, but these funds are technically "outlays," rather than "costs." Because of time limitations for this discussion, the treatment is limited to current fund expenditures.

The term "cost" is used to mean either total expenditure or expenditure per unit, such as "cost per student." In this discussion the word will be used in both meanings, but we shall try to make it clear which concept we are talking about when the word is used. For the most part, we shall talk about "expenditures" rather than "cost."

There is also the question of "cost to whom?" The burden of providing funds is shared in the United States among three principal agencies--private philanthropy, governments, and the student. Again, this being a Legislative Work Conference, I presume the concern is chiefly with the cost to state governments. I cannot pass this opportunity, however, without at least a brief reference to the cost of higher education to the student.

As you all know, the price charged students for attending college has been increasing rapidly in recent years. The rate of increase has been particularly striking in the publicly controlled colleges and universities, though the actual level of fees is lower in the public than in privately controlled institutions. Personally I believe the trend toward increased student fee charges is in the wrong direction, for it tends to make college attendance an economic privilege. It also encourages students to think that their college degree is something they have bought and paid for, something they can exploit at will and without regard to their responsibilities to the society that provided the educational facilities. I should like to see all fees for college attendance abolished, and higher education made as free and open to all capable and interested people as the elementary and secondary schools of every state are today.

It must not be forgotten, in the analysis of the "costs of higher education," that by far the largest element in that cost is the foregoing of a substantial income by the student while he is pursuing his studies. The student's investment of his time exceed in monetary value all the other provisions made for his college education. I do not propose that students be paid a salary for the time they spend in college, though that is done in some enlightened countries. But in the colleges and universities set up and controlled by governmental agencies, it would be sound policy to eliminate all student charges. This is not a visionary idea, for the policy of free tuition is in effect in some states and in some institutions of higher education under private control.

Please forgive this digression about the cost of higher education to the student. In the remainder of this treatment we shall stick to the question of the cost of higher education to state governments.

## Factors Affecting Costs

Current costs of higher education are affected by a number of factors. Any projection of future costs must take into account such factors, so attention will first be given to the description of some of the more important ones.

### Students Served

The first factor affecting the cost of higher education is related to the students who are served. It is clear that the number of students enrolled will affect the total costs of higher education. This is perhaps the most important single factor affecting the future costs of higher education. In addition to the number of students, the academic level at which they are enrolled also affect the cost per student, and therefore the total cost of higher education will be affected by changed in the distribution of students at the various academic levels: for example the proportion of freshmen as compared with graduate students. The kinds of academic programs in which the students are enrolled also differ in their cost per student; for example, medical schools cost more per student than law schools, though both enroll chiefly students who have already completed four years of undergraduate preparation. Thus changes in the distribution of students among different academic programs may affect the total cost of higher education in the future.

## Non-Student-Related Costs and Services

Colleges and universities, particularly the universities, today carry on a number of services which are not directly related to students. Costs incident to such services may therefore vary in the future in a manner different from the trends in costs of student-related services. Two of these non-student-related services may be mentioned: (1) research, and (2) public services. Research has had such wide publicity in the past two decades that it needs no justification as a function of institutions of higher education.

The public service function is often less conspicuous and less glamorous than research, but the demands for it are insistent in modern society. These demands range all the way from a call for a faculty member to make an address to a Rotary or Kiwanis luncheon or a talk to a woman's club, up to membership on a high-level group of citizens called to prepare a report advising the government about some important reorganization or new undertaking. The public service function of a college or university extends beyond the borders of its state, to the national and international areas. Public service rarely appears as a budget item, and the time and funds for conducting it usually are bootlegged from other, better recognized budgetary categories. There is indication that the volume of public service required of institutions of higher education and their staff members is increasing, so it is a factor to be taken into account in forecasts of the future costs of higher education.

## Level of Salaries and Wages

In most institutions of higher education, by far the major part of current fund expenditures goes for salaries and wages. The largest single item is likely to be expenditure for faculty salaries. Future trends in the salaries of individual faculty members will therefore have a most important effect on future costs of higher education. Trends in rates of wages and salaries for personnel other than faculty members must also be considered as a factor affecting future costs.

### Equipment and Supplies

A modern institution of higher education requires the annual purchase of an amazing variety of "things"--usually labeled as equipment and supplies in institutional budgets. Modern instructional methods, plus the heavy emphasis on research, are increasing rapidly both the variety and the volume of consumable supplies and equipment necessary to effective institutional operation. The trends in demands for supplies and equipment will have a noticeable effect on the future costs of higher education.

### Purchasing Power of the Dollar

Practically all expenditures are affected by the purchasing power of the dollar. As prices go up generally, the dollar volume of expenditures must vary accordingly, if higher education is to be kept at a constant level of operation. It is customary in forecasting future costs to express them in current dollars, that is, in dollars of the present purchasing power. Anyone can then apply a multiplier to the forecast, to reflect his own judgment as to the rate at which inflation may progress during future years. The discussion in this paper relates to values expressed in 1966 dollars.

### Geographical Variations

Any prediction about future costs of higher education must be related to a specified geographical area. One can generalize for the United States as a whole, or for a specific state; but if past experience is a guide, the different states will vary considerably from the national average or norm. Since this is a conference of representatives from different states, each presumably interested chiefly in his own state, the discussion will actually relate to a method for making forecasts of future expenditures for higher education, rather than to the actual calculation of what such a figure might look like when expressed in dollars. Generalizations may be made for the United States as a whole, and each of you can privately calculate the plus or minus deviation from this general trend for your own state.

It is no secret that in the past the states in the South have generally been below the national average in measures for the support of higher education. It is also widely observed that in recent years the Southern states have been making valiant efforts to close this gap. One can be confident that these efforts will continue. From this the conclusion is that the Southern states, in the next ten or fifteen years, will increase their expenditures for higher education at the rate above the national average.

## Some Predictions about Future Trends

The forecast of trends in the future cost of higher education can be made on the basis of each of the several factors that have been enumerated as having a bearing. Time will permit analyses of only a few of the most important of these factors.

### Students

Dr. Glenny has already discussed future trends in student enrollments. I agree with him in the prediction of continued rapid increases, with the total enrollment probably doubling in the United States in the next ten or twelve years. Some segments of the academic program will increase more rapidly than others. Already the level of graduate enrollments is outstripping, in percentage of increase, the figure for total enrollments, and the production of Ph.D. degrees has increased at a phenomenal rate the past two or three years. At the lowest end of the academic ladder, enrollments in technical-occupational programs for recent high school graduates seem to be increasing very rapidly. Both these two programs have high unit costs per students. With development of Medicare, the requirements for personnel in the health fields will increase markedly, and this demand must be met by increased enrollments in curriculums that are also very costly in terms of expenditure per student.

### Non-Student-Related Services

Two kinds of institutional services that are not related to the number of students have been mentioned--research and public service. In the past fifteen or twenty years, research expenditures in universities and colleges have increased enormously. For the most part these research programs have been financed by grants from the Federal government, from philanthropic foundations, and from industry, rather than by state funds. There are no useful measures by which to calculate unit costs of research. Expenditures for research, however, do seem to be related to the number of faculty members. The best forecast for future requirements of state funds for the support of research in colleges and universities is that the demands will increase in accordance with the number of faculty members employed.

In public services, also, there are no useful techniques for expressing expenditures in unit costs. In fact, there is no published information as to the present amount of expenditure for public services, and no information as to what other factors very concomitantly with the demand for public services.

As previously noted, the true expenditures for public services are not brought together in a single budget category. Inasmuch as public services are performed mainly by faculty members, it may be expected that the demands will vary in the future in accordance with the number of faculty members.

## Levels of Salaries and Wages

The key factor in forecasting future expenditures for higher education is the trend in faculty salaries. In most institutions about half the operating budget for educational and general purposes goes for faculty salaries, so in sheer dollar volume in the budget the totals for faculty salaries have as much effect as all other factors combined. Furthermore, many of the other budget variables seem somehow to follow the trend in faculty-salary expenditures.

The prediction can confidently be made that the average faculty salary will continue to increase, probably at a rate of at least five percent a year. This would mean a doubling of the average salary level in fifteen years. Institutions and states that are now below the national average will have to move up at a more rapid rate, if the quality of their instruction and research is to be maintained.

One can properly ask the question, What is the upper limit to which faculty salaries may be raised? When the average faculty salary is doubled, say in the next twelve or fifteen years, will there be continued insistence on maintaining the same annual percentage of increase? The question is sound, and deserves a well considered answer. So far, I have not found an educator willing to stick out his neck and name a figure for average faculty salaries with which the profession should be content. Certainly there must be continued increases concomitant with the changing value of the dollar, so that the purchasing power of the faculty salary is not eroded as it was during the 1930's, 1940's, and into the 1950's. But beyond annual revisions of the salary level to compensate for changes in the purchasing power of the dollar, what should the college teaching profession aspire to as a reasonable average salary?

My suggestion is that a figure ought to be worked out for what I would call a "parity level" salary. This figure would be based on data for the average annual earnings of members of a number of other professions requiring talent of approximately the same average level as the college professor. Appropriate weightings might be assigned the average for each other profession, and these weighted averages could be combined into a single index figure to indicate a reasonable average level for faculty salaries. Institutional budget makers could then have an objective figure at which to shoot in providing funds for faculty salaries. This is not the time nor place to elaborate on the proposal, but at an appropriate time I would be willing to present some ideas to a national group formed to establish a parity figure for average faculty salaries in the U.S.A.

The future costs of higher education will depend not only on the average level of faculty salaries, but also on the numbers of faculty members required to staff the colleges and universities. Improvement can be expected in the future in the efficiency with which faculty time and energy are used in the instructional programs at the undergraduate level. Increased enrollments in undergraduate courses can be served in many institutions without corresponding increases in numbers of faculty members. Student-faculty ratios should increase in such undergraduate programs. Introduction of more and better audio-visual aids, educational television, and programmed instruction should also tend toward higher student-faculty ratios.

The gains in efficiency made possible by the use of larger class unit and improved educational facilities will, in my opinion, just about be cancelled, on a statewide basis and in many complex universities, by the likelihood of rapid increases in enrollments in advanced professional curriculums and graduate studies, where the nature of the instruction seems to require low student-faculty ratios. There will likely also be rapid increases in community college enrollments in courses of the technical-institute type, where the nature of instruction also tends to require low student-faculty ratios. If a state provides the opportunities it should at the most advanced levels of study, and at the level of occupational preparation for those just graduating from high school, the overall student-faculty ratio will probably remain about constant.

Another kind of salary item is that for administrative personnel in higher education. Past experience indicates that the level of administrative salaries is closely geared to the level of faculty salaries. The number of administrative officers also tends to remain in a relatively constant ratio to the number of faculty members. In the future it is highly probable that the budget item for administrative salaries will increase at about the same rate as the budget for faculty salaries.

Wage and salary payments for nonacademic personnel in colleges and universities will likely tend to increase faster than enrollments, and probably faster than the number of faculty members. As salaries for faculty members rise, it will be good economy to provide these more expensive professors with clerical help more liberally than has been done in the past. Good administration these days makes increasing demands for extensive data, record-keeping, and communication. Improved care of the physical plant and better contacts with the public will also tend to require more nonacademic staff members, in proportion to the volume of operations, than has been the case in the past. Automation and computerization will not reduce appreciably the number of nonacademic employees, but will raise the general level of ability required, and that will tend to raise the wage and salary level. Unionization of nonacademic personnel can be expected in most institutions of higher education, especially those in urban centers. This will inevitably tend to raise the average wage of these employees, as new forces bring to attention the hitherto concealed exploitation, though low wage levels, of nonacademic employees in colleges and universities.

## Equipment and Supplies

Expenditures for equipment and supplies will increase faster than would be predicted from changes in the purchasing power of the dollar. Higher salaries for faculty members will inevitably entail the provision of more and better equipment for them to work with. As previously noted, increased efficiency in the use of instructional staff members will require more equipment, such as audio-visual aids, closed-circuit television, demonstration laboratories, language laboratories, etc. Especially heavy demands for equipment may be expected from the much needed expansion of technical-occupational programs in community colleges and junior colleges.

Library resources present a special problem. This is a relatively small item in the total institutional budget for educational and general purposes; it is usual to find library services with a budget equal to about five percent of the institutional total education-and-general budget. About half of the library budget is spent for books, periodicals, and bindings. The publication of books and journals needed by libraries is increasing annually, and the per-volume cost of books is also increasing. It is probable that the supporting funds needed for library services will increase about as rapidly as the total faculty salary budget.

## Other Sources of Support

A final factor must be mentioned--the extent to which agencies other than the state will be able to support the total program of higher education in the future. There are three major possibilities--students, the privately controlled institutions of higher education, and the Federal government. I have already made the case against further extension of the support of higher education by students, so that possibility will be dismissed immediately as preposterous.

Privately controlled institutions of higher education, it now seems clear, will not be able to increase their enrollments in most states as rapidly as total enrollments increase. This means that the publicly controlled institutions will have to care for more than their present share of the expanding enrollments. It is freely estimated that, in the next ten to fifteen years, publicly controlled institutions of higher education throughout the country will have to carry at least 70 percent, and possibly 80 percent of total enrollments, instead of the present 60 percent. The percentages will vary from state to state, but in practically every state, when total enrollments double, enrollments in the publicly controlled institutions will increase two and a half to three times.

Prospects for substantial increases in support for higher education from Federal sources currently seem brighter than ever. Whether these prospects will actually be realized is anybody's guess. So much of Federal aid to education in the past has been given for categorical purposes, that the Federal funds have not hitherto been of great help to the established, on-going programs of the state-controlled colleges and universities. Federal aid to students, such as loan funds and scholarships, gives no aid to the financing of institutions, but only gives the institutions more students to care for. What would be of most help to the institutions would be general, unspecified aid, to be used for any and all purposes as state and institutional authorities may deem wise. This kind of aid from Federal appropriations is a possibility in the future, and there are some observers who think it may come soon. Personally, I very much hope so. But there are others who oppose Federal aid in principle, in the fear of extension of Federal controls; sentiment of this sort may delay or block the provision of the kind of Federal financial assistance that would be most useful to the support of on-going programs of higher education in the states. My own advice right now would be to make plans for future support of higher education in your state without placing dependence on the possibility of general, unspecified assistance from Federal funds. In other words, realistic future planning in a state should be based on the idea of continuing the present major support of the program by state funds.

## A Summary View of Total Future Costs

The foregoing review of the various factors that will affect trends in future expenditures for, or needed support of, higher education may be briefly summarized. The average faculty salary will probably double in at least fifteen years, possibly sooner, with an average rate of increase of not less than five percent annually. The prospective doubling of student enrollments in the next ten or twelve years will most probably result in a doubling of the number of faculty members. Savings in more efficient use of faculty members should be possible in many colleges and universities as enrollments increase. In the rapidly growing community colleges, many of which are quite small at present, and also in many state four-year colleges, the increased numbers of undergraduate students could theoretically be cared for without corresponding increases in number of teaching staff members. This theoretical gain in efficiency will largely be offset by three factors: (1) the rapid expansion of teachable knowledge and the constant proliferation of new courses at the undergraduate level; (2) the increasing proportion of enrollments in the more expensive instructional programs--graduate, advanced professional, technical-occupational; (3) the continued rapid increases in enrollments of universities that are already too large for efficient operation.

The foregoing observations would indicate that a doubling of enrollments, combined with a doubling of the average faculty salary and an approximately constant student-faculty ratio, will require at least a four-fold increase in total expenditures for faculty salaries. Expenditures for purposes other than faculty salaries will increase at least as rapidly as the faculty salary budget, in some cases even faster. Since an increasing proportion of enrollments will be in publicly controlled institutions, the funds needed in such institutions will be larger than the four-fold increase in the national totals.

Enough has been said to indicate the complexity of the computation of future costs of higher education. As has already been stressed, the factors will vary considerably from state to state. The states can also be expected to continue to vary in the extent to which they meet the demands for both quantity and quality in higher education. If one were required to sum up the future prospects in a single sentence, he might say: "Be prepared in the next ten to fifteen years to serve twice the number of your present students, and to provide state appropriations from five to six times those you are at present providing for higher education."

Such a forecast should not be startling. If you will go back from this date an equal period of time in your state's history of higher education, you will probably find that these predicted future rates of expansion in enrollments and financial support are not greatly different from those you have already experienced.

One closing thought is all-important. It is truly a fallacy to consider appropriations for higher education a "cost" or "expenditure". Instead, they are an investment. It is clearly evident that the funds a state invests in higher education have a notable effect in improving its tax base. That improvement in tax base comes very quickly after the investment in higher education--much more quickly than the returns on investment in elementary and high schools, though appropriations effectively invested in these other parts of the educational system also produce economic gains and ultimately a marked improvement in the tax base. But in four or five years after a state begins to put money into the education of a college student, he begins to return that investment in the form of tax payments. For this to occur, it is only necessary that the economy of the state be able to absorb the product of its educational system. For a long time to come, every state in the South can effectively use all the education talent it can produce.

As members of state legislatures, you have in recent years been following a most wise and prudent course in making efforts to provide adequate support for education at all levels. The views here expressed about the amount of support for higher education that will be needed in the future should not alarm you. The large increases in supporting funds for your colleges and universities that are needed in the future do not pose a threat to the state's fiscal solvency or its ability in later years to support necessary functions of government. The supporting funds invested in higher education begin amazingly soon to produce the needed additional tax revenues for continued expansion and improvement of the state's services, not only in higher education but also in other areas required by its citizens.

# BUDGETING PROCESSES

COMER S. COPPIE

The budget is an important instrument of policy and program development for government leaders. The budget process is probably the most important management procedure in the administration of state government. The success of the process depends on the organization and work of all those involved with its completion. A state budget is a major source of information on the magnitude of government spending and the direction of government policy. Used effectively, the budget process improves and strengthens the decision-making process.

Responsibility in government budgeting is normally divided between the executive and legislative branches. Most states have an executive budget system which provides for the executive to formulate and execute the budget. Legislative responsibility is centered on the power of appropriation. That is, its approval and adoption. In the formulation stage the higher education institutions develop the budget and present it to the governor and budget authorities in the executive department. The request is reviewed and approved at the executive level and incorporated into the total state budget. The ultimate result is a presentation of the State Budget to the legislature. For higher education this probably involves a plan for action. The recommendation program should substantially mirror the request of the governing boards of the higher education system.

Formal participation by the legislature in the budget process begins with the presentation of the executive budget. By this point, literally hundreds of decisions have been made--major and minor. If the system is working properly, the executive recommendations will be consistent with a higher education plan for the state. Execution of the budget will advance the state toward the full realization of the goals for higher education.

Legislative examination of the budget should be at the level of pure policy. Information should be readily available concerning the policy implications of the budget. This would involve decisions in consideration of the role and scope or objectives of the institution in relationship to the overall program of higher education for the state. The legislative body should have information on the enrollment trends; the academic program needs of the state; and the community services to be provided by the public institutions of higher education.

Most states have not developed a long-range operating budget. The capital budget is usually developed for a five-year period or longer. A state needs a long-range operating budget which, in conjunction with the capital budget, will enable a state to plan and schedule both its operating and capital needs

* * *

Mr. Coppie is Executive Director, Maryland Board of Trustees of the State Colleges.

on a comprehensive and coordinated long-range basis. With this in mind, the budget should be evaluated in terms of past accomplishments with particular emphasis on evaluation of plans presented for the budgetary year under consideration. Also important is a consideration of the implications of the current proposed plans for the future. For example, if there is a request to commence a new graduate program on a modest basis, what will approval mean for the future. Graduate work is costly! Once the graduate program is established, future requests may call for a graduate dean, a graduate faculty, and possibly a full graduate school. It is important that the legislature fully understand the implications of the initial decision to proceed with a new program.

Another area is the level of financial support. An important consideration is the salary scale for professional staff and particularly the faculty. Should salaries be above the national average? At the national average? Below the national average?

Important too, is the source of financial support. An established policy which clearly delineates the responsibility of the state and the role the institution will have through student fees is indispensable to proper higher education budgeting.

A legislature should be concerned with the established program for higher education. The budget should be examined with the program-plan framework in mind. Particular sensitivity should be shown for the level of appropriation and whether it will allow the higher education enterprise to realize its objectives for the succeeding year.

What is suggested is a positive approach to budgeting. The budget is seen not merely as a statement of revenues and expenditures, but as an instrument which carries a program and a plan. Used properly the budget process improves and strengthens one of the most important responsibilities a legislature has--decision-making.

Emphasis is given to the policy and program side of the budget process because there is a long history of control orientation. In fact, within the past forty years, in state government the budget has become the principal control device. In other words, the argument goes, the process is geared to negativism. On the executive side the formulation of the budget is centered on economy and the saving of funds. The legislature all too frequently is concerned about economy--about where the budget can be cut.

The states are establishing new budgetary patterns. Change has come slowly, however; in fact, grudgingly. The states might well learn from the Federal budgetary practices. For example, the Federal Bureau of the Budget functions as the principal management agency rather than a watchdog of the Treasury. There has been a priority to innovation and experimentation--a willingness to learn, to try out new ideas. Each state should commit itself to getting the best budget system possible. Several states have made progress--some remarkably so. They are still outnumbered by the large number of states which rely on a narrow, negative-line, item approach to budgeting.

Much of what I have said relates to higher education only indirectly. However, because every state is committed to the advancement of its higher education system, it is important that the budget process not retard that commitment.

## JAMES L. MILLER, JR.

As Mr. Coppie has indicated, the state budget and appropriation process is much more than just the authorization to spend an amount of money in a particular year. It is at the very heart of the decision-making process in state government. If there is not some larger arrangement for planning the shape and scope and direction of the state's activities, then the budget process is probably the only continuous planning which takes place year after year. This is true even if the people involved in making the budget and passing the appropriation act do not think of their activities as "planning."

The fact that budgeting and appropriating money actually is decision-making in pretty final fashion is recognized at least intuitively by most of the people affected. The simplest evidence of this is the large and diverse group of people who are involved or try to be involved in the business of making budgetary decisions. Thinking specifically of higher education, budgeting involves not only the governor (with his budget staff) and the legislature (with its committee staffs) but also college and university boards, administrative officials, faculty groups, alumni, statewide coordinating agencies, occupational groups interested in programs related to their particular fields of interest, and such general groups as taxpayers associations. These groups all attempt to influence budgetary decisions because they recognize that these decisions have more to do with the course of future developments than all the rhetoric in campaign promises or all the plans developed by well-intentioned committees. I do not mean to demean either campaign promises or planning committees; I simply mean to point out that the proof of the pudding is in the eating, and in this case, those who eat are those who get the appropriations.

Most of us like to think that our annual (or biennial) appropriations reflect some kind of carefully thought-out plan for meeting the states' needs in higher education. In some states this is actually true, and in others it is not.

A central problem for legislatures as they attempt to establish a proper relationship between higher education planning and legislative consideration of a proposed state budget is the fact that there is so little time in which to make budgetary decisions while the legislature is in session.

It has been my observation that most Americans, including most American legislators, still accept the myth--I am asserting that it is a myth--that major decisions about the state appropriation are made by the legislature during the legislative session. Actually, in most states, the changes which the legislature makes during the session is principally along the lines of modifying a few sections of the act to increase or decrease the amounts for a few departments or programs. The single most important determinant of this year's budget is the many years of accumulated history which have established expenditure patterns

* * *

Dr. Miller is Associate Director for Research, Southern Regional Education Board.

which cannot be overturned, but can be modified somewhat each year. The second most important determinant of this year's budget is the group of people involved in deciding what modifications will go into the appropriation bill which is submitted to the legislature. Usually this group consists of the governor, the governor's budget office, and the governor's legislative leaders. This group normally is influenced by the content of the requests submitted by the various state agencies, and by the numerous political and quasi-political pressures which are brought to bear in an attempt to influence them. The third most important determinant of this year's budget in most states is the legislature itself, which finds that it can modify what the governor has presented to it, but cannot basically alter what has been presented.

How can the legislature become more centrally involved in the decision-making process? I think a major part of the answer lies in the development of procedures which will cause the legislature to be involved in the process for a longer period of time. I am not talking about extending the length of legislative sessions, although that too is desirable. I am talking about involving the legislature in the continuing consideration of program development over a period of years.

The best way for doing this is to insist that there be a long-range plan which the legislature, along with other interested parties, has a hand in approving. The only effective way to develop and then continue to maintain a long-range plan for higher education is through a state planning and coordinating agency of some type. Sad experience in a number of states has clearly shown that even the best of long-range plans will not be followed unless there is a higher education planning and coordinating agency continuously overseeing it and revising it from time to time as conditions make that necessary. This has a relationship to budgeting, because the strongest weapon such an agency has in bringing about institutional adherence to a state plan is its influence upon budgeting. This influence usually takes the form of recommendations to the legislature concerning the higher education budget. The higher education coordinating agency and the legislature, therefore, become partners in the development and execution of a state plan for higher education.

Mr. Coppie already has suggested the importance of long-range budgeting in establishing a meaningful relationship between higher education planning and state budgeting. Another device which has proved helpful in a number of states is the use of higher education budget formulas or cost analysis techniques. These two things--formulas and cost analysis techniques--are not the same, but they are sufficiently similar for me to talk about them in a short presentation like this.

Higher education budget formulas and cost analysis techniques have been developed only within the last fifteen or twenty years insofar as their use in the budgeting process is concerned. The basic difference between them is that cost analysis attempts to provide a good deal of information about past costs which will be useful as the budget-makers decide upon the budget for future years, while formulas carry this one step further and attempt to state the relationship which should exist between costs and certain program factors such as number of students enrolled, types of programs offered, the level of programs offered, etc. Cost analysis is used as part of the state budgeting process in New Mexico, Colorado, and Indiana; formulas are used in Florida, Tennessee, Kentucky, California, Texas, Oklahoma, and other states. With the exception of the cost analysis procedure used in New Mexico and Colorado, no two states use the same procedures or formulas. The reason for this is partly that the situation in each state is sufficiently different that the same procedure will not accurately reflect the varying needs and desires, and partly that the cost procedures and formulas themselves are not yet accurate enough to be transferable from one state to another.

The advantage that these procedures offer is that everyone in the state--people in the institutions, in the executive branch, and in the legislature--knows how the budgetary decisions were arrived at and what the appropriation is supposed to buy in terms of program. Interinstitutional competition of an unhealthy, behind-the-scenes type is substantially reduced, and the healthy competition to provide more and better services and, if you will, "earn" a higher appropriation because of genuine "need" is increased. This is a great oversimplification, but it captures the basic argument which can be advanced for these procedures. The actual development of such a procedure in an individual state is a complicated procedure that extends over several years and requires a great deal of work by a lot of people. In states which have invested the time and effort to develop such a procedure, the result usually has been an increase in the appropriations for higher education coupled with a belief on the part of state officials that they know much better than they formerly did why the money is needed and where it is going.

Budget formulas or cost analysis procedures usually are developed on a cooperative basis by staff people associated with the state budget office, the higher education coordinating office, the institutions, and the legislature. After its development such a procedure usually is administered by the higher education coordinating agency. The successful development of a procedure and its subsequent acceptance by both institutions and state officials is dependent upon the fine political art of compromise--compromise of a type which causes everyone involved to get something of value out of the new procedure and, therefore, have a vested interest in its success. The most frequent gain for the legislature is a clearer understanding of how the budget proposals are arrived at, what they include, and why the money is divided as it is. All of this adds up to an assurance that the state's money has not been wasted and that every institution has been treated equitably. This gets state officials off the hook when they have to explain to constituents why things turned out as they did. The most frequent gain for institutions is more adequate financing for those parts of their programs which most clearly warrant support, assurance that the division of the funds has been as equitable as possible, and greater flexibility in the use of funds appropriated so long as the agreed-upon goals are accomplished.

This has been a brief treatment of several ideas about higher education budgeting. I hope we can deal with some of them at greater length during the discussion period.

# CAPITAL EXPENDITURES

E. T. DUNLAP

I share with John Jamrich our appreciation for this opportunity to discuss with you some current problems, needs, and approaches to planning, funding, and utilizing higher education facilities. I also share his conviction that state legislative bodies are approaching the funding of college construction with increasing logic and system. State legislatures have long concerned themselves with how higher education institutions spend their budget dollars. The annual, or in some states biennial, review of institutional use of operating funds has kept college trustees, administrators, and faculties on their toes with respect to the efficient use of these dollars in carrying out institutional functions and programs.

It has been only within the last decade, however, that legislative bodies have turned the public spotlight on the use of capital funds for college construction. Beginning in the early fifties, college educators began a concerted effort to apprise the citizens of the nation with the enormity of the task facing higher education. They predicted, and subsequent events have borne out their predictions, that college enrollments would double in a ten-year period, a growth that had never before occurred in American higher education. Parenthetically, I might add that if we educators had spent as much effort in planning the intelligent use of college facilities as we did in projecting enrollments and apprising citizens of the dire consequences of this tidal wave of enrollments, the college building problem would today be less critical than it now is.

As the full impact of this tidal wave of enrollments was recognized by legislators, they began to realize the enormity of the task facing the citizens with respect to providing the necessary financing for both operating and capital funds. A doubling of enrollments means more than a mere doubling of budgets. Other factors, such as increasing salaries, rising building costs, inflation and the like, means that when enrollments double, the need for funds increases several times. It was when they began to appreciate the full impact of these college enrollment predictions that legislatures began to press college administrators for other solutions. They began to ask questions, good questions, not only about the use of capital funds but also about the utilization of college facilities. This spotlight on the use of capital funds and facilities has had a very wholesome effect on higher education.

Now I would not want to leave the impression that no one in American higher education was concerned with intelligent building-use and campus planning until legislatures turned the public spotlight on us. There were some, but in my opinion far too few, educators who for some time had been

* * *

Dr. Dunlap is Chancellor, Oklahoma State Regents for Higher Education.

working on the problem of efficient use of college resources. People like John Dale Russell and A. J. Brumbaugh had long advocated the application of intelligent management principles to higher education planning and budget administration. Their pioneer work has been of great value to American higher education in this last decade as we have appropriately turned our attention to the more efficient and effective use of college resources.

Dr. Jamrich spoke to you about the adequacy of facilities and some approaches to improving the use of existing space. In the remaining time at my disposal, I would like to talk with you about a broader problem--that of long-range planning for capital construction. In particular, I would like to discuss the importance of capital budgeting, and what I feel is the appropriate role of state legislatures in this process.

## Long-Range Building Planning

It was mentioned that some 42 or 43 states have carried out state surveys of higher education problems and needs. The Oklahoma State Regents for Higher Education (the coordinating board of control of the State System), in cooperation with the colleges and universities in the State System, are just now wrapping up a comprehensive self-study of Oklahoma higher education. This self-study has been underway since 1962, and it has provided us with the information needed to prepare a master plan for the long-range development of higher education in Oklahoma. One facet of our comprehensive study dealt with the need for higher education facilities.

If you will permit me to review briefly this part of our Oklahoma study, it will illustrate I think some appropriate procedures for developing a capital budget for higher education. As a part of the study of building needs, we made an inventory of all physical facilities of every institution in the State System--some 18 campuses, plus two branch locations. The size, quality, and condition of every building, every room, was recorded and subsequently evaluated. In addition, we obtained data which permitted us to evaluate the utilization of academic space on these campuses. What we found out opened our eyes.

We found some campuses using their classrooms as few as 10 hours a week, and student-station use was running as low as 40 percent, when the rooms were in use. We discovered that only two institutions had accomplished any planning which projected future building needs and provided for the functional location of new space in relation to existing buildings. We found that for the most part institutional campus planning was extremely limited, and consisted primarily of informal sketches of the campus or some portion of it. The lack of long-range planning was further evidenced on many campuses by periodic changes in architectural emphases, buildings being located in nonfunctional locations, and poor campus traffic patterns. While many opinions were expressed as to future building needs, they frequently appeared to be "off the cuff" opinions, supported by incomplete or haphazardly compiled information.

With this study came the realization that intelligent planning and use of higher education facilities could save the taxpayers of Oklahoma many millions of dollars--dollars sorely needed elsewhere. In cooperation with the college presidents, a series of reasonable standards for various types of academic space were developed. By applying these standards to existing space use and relating them to projected enrollments, space requirements on each campus for a decade ahead were projected. These space requirements were then translated in terms of dollar costs and presented to the Oklahoma Legislature along with a series of other recommendations. As an illustration of the savings that resulted from the space utilization study, we also projected what it would cost Oklahoma taxpayers if the state were to build facilities to accommodate projected enrollments at the same level of utilization that existed in 1963. The cost would have been nearly double the figure that was recommended to the State Legislature.

The Legislature was requested to authorize a bond issue which, together with anticipated Federal funds, would provide a $55 million building program--an amount sufficient to meet college space requirements in the first five years of the ten-year projection. The Legislature approved the bond issue proposal and it was subsequently authorized by the people.

The State Regents then immediately went to work to develop a five-year capital budgeting program. The facilities survey, including utilization, was updated, a step that took only a few weeks since the inventory data had been retained on IBM cards. Each institution, as a condition of participation in the capital program, was required to prepare a long-range campus master plan which translated gross space requirements into specific building projects, located on a campus plot plan. They were asked to assign priorities to these building projects and to apply for their funding according to these priorities.

Institutional applications were then scored according to a systematic formula developed in conjunction with the regulations for administration of the Higher Education Facilities Act enacted by the Congress. This formula was heavily weighted by utilization data so that the greater the need for the space the higher the institution scored, relatively. In this manner, campuses with the greatest need scored the highest and thus received highest priority for funding. This was imperative, as under the bond issue the State Regents did not receive all the funds at one time. Rather, they receive the funds on a pro rated basis over the five-year period. The Federal funds are provided, as you know, in the same manner. This step not only enabled capital funds to be made available without a tax increase, but it has prevented a major flooding of the construction market and will enable the institution to do better project planning and to get better bids for construction.

The State Regents pulled the 18 campus master plans together into a single document which we call a long-range capital budgeting program for the period 1965 to 1970. It sets out each institution's requirements, the projects to be funded, and their estimated cost. There is, of course, sufficient flexibility in the program to enable it to be modified to meet changing needs and conditions.

The advantages of this long-range capital budgeting program are enormous. Each institution knows how much space it will be able to construct in the next five years, and how much money will be available to it for the job. Each institution knows what is expected in terms of space utilization. The Legislature knows exactly how the money is to be distributed and for what projects. They know that no college will build additional classroom space, for example, until that institution has achieved a reasonable level of use of its present space. They know that the money is being distributed to each institution according to its needs rather than according to its relative political influence. They know that the days of haphazard planning and indiscriminate allocation and use of capital outlay funds is now history.

## Legislative Role in Capital Planning

What is the legislative responsibility for capital budgeting? First, it is not only the legislature's right, but its responsibility, to know how capital funds will be used. There is never enough money to meet all the demands of state government. In allocating these scarce resources, the legislature cannot make intelligent decisions as to the best place to put the funds unless it has information regarding their need and their use. The legislature has the responsibility to require higher education to document its needs. It should require this documentation to include not only current utilization of space, but a planned program for its improved use where improvement is in order. Even with optimum use, states are going to find it difficult to fund the required building needs of higher education.

Secondly, the legislature has the responsibility to require representatives of higher education to prepare and present intelligent, long-range campus master plans. It is imperative, of course, that flexibility be maintained. But if institutions are to meet their building requirements, they must have well-developed long-range plans which show not only the next building to be constructed, but the next several buildings and their functional location in relation to each other.

And thirdly, the legislature should receive post-construction reporting of capital outlay expenditures. Not only will this keep them apprised of institutional needs, but it will provide the follow-through needed to assure that the long-range plan is being carried out. At times, those of us in higher education get a little concerned when the public spotlight is turned on our activities. But with all the problems it brings, it assures appropriate follow-through of commitments and leads to greater confidence in subsequent recommendations for public support.

## Conclusion

The day is past when college campuses can be planned on the basis of incomplete or haphazardly compiled information. The day is past when each institution can plan and carry out its responsibilities independently of other institutions in the state. The necessity for statewide planning has reached the point where unilateral action is inexcusable. An institution of integrity must make decisions concerning its future with full reference to a larger pattern of responsibility and opportunity. It is the legislature's responsibility to see that higher education plans comprehensively, that priorities are established and adhered to, and finally that the necessary financial support is generated to meet the needs of the people for higher education.

## JOHN X. JAMRICH

It is a privilege to be called upon to share some of my thoughts regarding facilities in higher education at a conference participated in primarily by state legislators and governors. There are some who would suggest that, as far as capital outlay funds are concerned, there is little point in talking system and logic with legislative bodies--they will provide, it is inferred, what is left or what they may be forced to appropriate for strictly political reasons.

My own experience with a number of legislative groups--some in considerable depth--impresses me with the sense of increasing awareness that the enterprise of higher education is in the political arena, it is there to stay, and it is there for the basic reason that education is being recognized more and more as the fundamental core of our social, economic, and technological fabric. I am convinced that state legislative bodies are approaching the subject of needs in higher education with ever-increasing logic and system.

The importance of systematic study and planning of educational facilities must be underscored first on educational grounds even though the financial implications may be more readily discernible. The degree to which a given state can continue to provide appropriate and extensive programs of higher education will depend upon its ability to provide the resources to meet the varied demands of the youth and adults of the state. Those in turn will depend upon the appropriateness of the instructional and research facilities provided for the programs. Thus, there is a need for continuous planning and modification of plans of facilities for the types of instructional and research programs being developed.

In many of our individual states there probably exist some types of general plans for higher education. An increasing number of states are developing or have developed detailed "master plans" within which careful attention is being given to the relationship of facilities to planned programs of instruction and research among the several institutions of the state. The derivation of state plans from state surveys or as part of them has been on the increase. In the last ten years more than 25 states have authorized legislative commissions on higher education; between 1950 and 1960 surveys of some type in higher education have been carried out in 43 of the 50 states. In many of them, careful attention has been given to facilities and capital outlay needs.

There is perhaps little need for me to deluge you with the impressive data on facilities needs for the country in the next decade. Suffice it to say that the figure is in the billions of dollars, sufficient reason alone to warrant careful, systematic planning for their use.

* * *

Dr. Jamrich is Associate Dean, College of Education, Michigan State University.

## Adequacy of Existing Facilities

Often overlooked in the entire process of planning for future facilities needs to meet increased enrollments is the need to ascertain the adequacy of existing facilities. In several recent state studies I have carried out, about 30 percent of the facilities were found to be more than forty years old; and approximately 20 percent of the existing buildings were found to be in poor condition. Add to this the fact that developing long-term campus plans often suggest consideration of removal of buildings even in good condition, the magnitude of this phase of the problem deserves more than casual attention.

Thus, a first step in developing a sound state plan and ascertaining needs is to make a complete inventory of the existing physical facilities. Now, this may sound like a self-evident truth; and it is, except that we have found many institutions which simply did not have a reasonable notion of the extent of their physical facilities.

Attention should be given to such factors as the age of buildings, their adequacy from an engineering point of view, their functional use and adequacy for this function, source of funds, and the total square feet of space.

## Improving Use of Existing Space

Further, attention should be given to the intensity of use of existing facilities. Emphasis must be placed on the fact that increased utilization of instructional space is not an end in itself, but should reflect careful considerations of the instructional program in relation to increased use. Attention should be given to such factors as:

1. Making use of the entire day and the entire week;

2. The size of the curriculum units and the effect this would have on levels of utilization;

3. Possibility of lengthening the day, the week, and the academic year;

4. Extent to which occupancy of rooms and student stations must be one-to-one with credits received;

5. Extent of instructional space per instructional unit.

In planning new facilities, with reference to utilization, attention should be given to:

1. The question of how extensive the laboratory space and equipment should be in science courses for the non-science major;
2. The flexibility of the spaces being built with reference to possible changes in the future;
3. The size and shape of the rooms especially with reference to the size of classes in the institutional programs;
4. Possible future changes in methods of instruction and use of new technology.

The Planning Process

All too often the matter of planning is approached in a short-term sense and on an ad hoc basis. Furthermore, in the development of long-term plans, attention should be given to the fact that in our institutions of higher education there are available competent staff resources which can contribute substantially to the development of such plans.

When the planning by states and institutions of higher education is viewed in broad perspective, it becomes clear that there are several factors which are inseparably intertwined and which must be studied thoroughly in the process of establishing facilities needs in the state.

1. Enrollments: trends, source of students, new geographical areas to be served, academic potential of the students, major areas of study selected by students; what are the realistic levels of enrollment in the various types of institutions at the several levels of study.
2. Faculty: what are the professional characteristics of present faculty; what are the needs in the future with respect to retirement and provision for enrollment growth; what are the realistic expectations with existing salary scales and available competencies.
3. Curriculum and Instruction: how appropriate is the present curriculum for expressed social and student needs; what is the scope of the present curriculum; what are the current practices in class size and teaching load; how adequate are the library and other supplementary facilities to instruction; are there evolving instructional procedures which should be experimented with.
4. Finances: what are the current incomes; are they adequate for the resources needed in the future; how can fiscal resources be provided to meet certain immediate needs for buildings.

## Identifying Facilities Needs

Let me illustrate briefly some of the steps and types of data needed and their use in developing a specific recommendation on needs for higher education facilities. These accompanying slides illustrate the approach relative to:

1. levels of performance in degrees granted
2. general enrollment expectations
3. enrollments by type of institution
4. data on use, value, and area of existing facilities
5. condition and adequacy of facilities
6. extent of facilities by function
7. extent of facilities in classrooms, laboratories, library, faculty offices, and research space
8. utilization levels of the existing facilities
9. a summation of the needs for the decade by several categories of types of space

## Some Innovations

The greater concern for the improvement of instruction, the increasing concern for the individual student, the realization that college is just the beginning of life-long education, and certainly the confrontation with the ever-increasing numbers of students--all have contributed to the imminent consideration and development of modifications in the teaching-learning environment on the college and university campus.

Two such innovations deserve mention as they certainly have implications for physical facilities in higher education.

1. The Learning Resources Center Idea. This need not necessarily refer to a specific building on a given campus. It really refers to a concept which provides for information storage and retrieval in an efficient manner to make it readily available for the student and researcher on the university campus. It is quite obvious that college

students learn through a variety of formal and informal procedures including class meetings, individual reading, informal discussions, and the use of audio and visual equipment.

In general, teaching-learning in colleges has not been developed as a unified system of instruction. To move in this direction will require something of a "new look" as far as many campuses are concerned with respect to services and resources. For example, some major steps must be taken in the systematic storage and retrieval of library materials; a major change must occur in the extent to which students undertake learning on their own; some changes are bound to occur in the deformalizing of class and laboratory experiences, perhaps moving from the formal class schedule to a more flexible approach.

2. Living-Learning Units. Relevant to the teaching-learning environment is the manner in which we have utilized or not utilized our residence facilities to carry on and reinforce the effects of the formal instructional programs.

The attempt to construct instructional facilities in our residence halls promises to provide for at least two important elements of college life: (1) it should give us a greater opportunity to utilize the non-class time of students to reinforce learning, and (2) it

the non-class time of students to reinforce learning, and (2) it

will give us an opportunity to provide for a "college within a college" sort of identification for students on the large campuses. A number of such facilities have already been constructed and used with success. The MSU experience is a notable success in this area.

These two illustrations underscore, perhaps, the need to have systematic and continuous planning for instructional facilities and to provide for careful attention to the relationships of facilities to the programs.

By way of brief summary, I have tried to emphasize the fact there is a continuing need for systematic planning, basing administrative decisions on results of careful analysis, and that the quantified elements of space-use data be used with care and caution so that they give priority to the instructional program as the basic determiner of facilities.

# STUDENT COSTS

M. M. CHAMBERS

Living costs and tuition fees and other costs of attending college have all risen for many years, and continue to rise. Wages and family incomes also rise; but the squeeze to fit the cost of a college education for one or several children into the family resources becomes more and more painful, and affects larger and larger numbers of students as the student population increases.

## How Important Are Student Costs?

The student in a state university now has to spend an average of $1,500 to $2,000 a year for all purposes. In private colleges his total outlay is nearer $3,000 a year on the average, and in some instances much more. With this upper edge we need not be much concerned, because obviously only comparatively few families (the more affluent) can regard it as a possibility.

There are the so-called student aids: scholarships, student loans, and part-time jobs on the campus. Some students also work in the college town, and some earn fractions of their college expenses during summer vacations or other breaks in their academic careers.

"Working one's way through college" is an indestructible myth in the national folklore. Today, with millions of students where once there were a few thousands, it is utterly impracticable for the vast majority. It can be done and is done by many adults who find full-time jobs within easy commuting distance from a college or university which offers evening classes, and take eight or more years to complete a four-year course. This is all to the good, but it is not possible for any except those who are unusually endowed with ambition and energy, and who live within reach of a college.

The cost of a college education is a real barrier which must be somehow reduced to a point within the reach of middle-income and lower-income families, if the talents of their children are to be developed fairly in this day of almost universal higher education. The progress of your state and your nation depends on this development of talent.

There seem to be three main ways of reducing costs to the student: (1) Put the college where the people are. (2) Provide scholarships, loans, and on-campus jobs. (3) Reduce the student fees in public colleges and

* * *

Dr. Chambers is Education Consultant, Indiana University.

universities and make them tuition-free, as they were originally intended to be. All three of these measures can be used together, concurrently.

## Putting the College Where the People Are

A considerable part of the expense of college attendance is the expense of travel to a distant institution and the cost of separate maintenance away from the parental home. This can be avoided in a large city by operating a city university with several five-year and two-year units at convenient locations and tuition-free for undergraduates, as New York City now does. In the Midwest and West many of the state universities have either their main campuses or regional units located in large cities. Almost every large city now has or is planning a public two-year college which will consist of several campuses. California has seventy local public junior colleges, tuition-free. Florida has almost thirty public two-year community colleges located so as to be accessible to nearly every high school graduate in the state.

In different states these two-year colleges may be based on a local school district, or a junior college taxing district of their own, or they may be branch units of a state university, or even a separate state-supported institution. It is tempting to compare the merits of these different methods of support and governance, but the all-important fact is that the colleges do exist in some form in nearly every state--that the idea is off to a good start. It is growing and spreading nationwide.

## Student Aids: Scholarships, Loans, and On-Campus Jobs

Financial help for deserving students has always been a popular object of charity, and almost every college has always had a little of that kind of money. In our time the entry of the national government into this field overshadows private charity. The permanent G. I. Bill of 1966 is one item of great importance. Fortunately it does not undertake to pay tuition fees up to a maximum limit, but merely gives the veteran an allowance with no parts of it earmarked for any special purpose. He may use it to attend a tuition-free or low-fee college, or a high-fee college, according to his own preference and financial resources. It will not touch off a round of fee-raising to get Federal money, or spawn a batch of fraudulent diploma mills.

The program of student loans begun under the National Defense Education Act of 1958 goes on; but there are grave questions as to whether college graduates should begin their careers under a heavy debt, especially if they go into the modestly paid but acutely needed professions such as teaching, nursing, social work, and others; and especially if they are women, most of whom look forward to having their earning careers terminated or at least interrupted by marriage and family life. A loan system is discriminatory against women, and against all students who are from low-income families or who are aiming at relatively low-paid public-service professions. These are the growing professions in which large increments of new blood are needed as the population increases and the standards of decency rise.

The Higher Education Act of 1965 brought into the picture a new plan of student loans to be obtained from private lenders at rates not to exceed 6 percent simple interest, and to be guaranteed by the Government, which would also pay a substantial portion of the interest out of tax funds, so the student borrower would pay nothing until after his school-leaving, and then only 3 percent. There was an original intent, apparently, that this scheme would be made quickly to supplant and supersede the National Defense Student Loan Program, but this idea aroused so much opposition that it seems now to be dormant.

There is also provision for a student work-study program, and a so-called system of "educational opportunity grants" which are in fact a species of limited scholarships ($200 to $800 a year, for full-time students only, whose parents are unable to provide more than $600 or less; and the Federal grant must be matched by a like amount of institutional aid of some kind).

It is clear that these latter plans are carefully skewed to serve only families in the lowest strata of income; and this has the merit of helping those who need it most. It is pretty much the exact opposite of much-argued "tax-credit plan" which would cost the Government $1 billion a year in lost revenue by allowing small credits for college expenses chiefly to Federal income-tax payers in the upper-middle and high-income brackets, thus tending to "help those who need it least." Twice voted down in the Senate in successive years, this plan may yet be pushed again.

Aside from those who "need it most" and those who "need it least," what of the millions of middle- and lower-income families for whom some reasonably economical access to higher education must be found? Scholarships and student loans and student-work programs can all be helpful, but none of them is suitable for development on an unlimited large scale. They are only a part of the answer.

If selectively awarded scholarships were greatly increased in number, then the vital right of access to higher education would be largely at the whim of those who controlled the awards. Besides, the tax cost would be enormous, and the administration of the plan in detail would require literally an army of petty officers and clerks who could be more productively occupied.

If there were loans for everybody, nearly all who accepted them would be under the inequitable handicap of debt during their early careers when their earning power is lowest. Obviously there cannot be student-work jobs for everybody, for this would involve adding large factories or business establishments to every college (as in the case of the admirably successful but almost unique Berea College in Kentucky).

Student aids of the foregoing types are only marginal measures on the fringe of the scene in which nationally there are already six million students beyond high school. There is another way of attacking student costs that is in the mainstream, and which will simplify administration rather than complicate it, and will approach justice rather than deny it.

## Free Tuition in Public Colleges and Universities

There is a theory that higher education is a market commodity to be bought and sold at whatever price the market will bear. This notion still survives in remarkable strength, despite the fact that in the public elementary and secondary schools we have for more than a century acted on the principle that attendance at a public school, tuition-free, is a right that belongs to every normal child. Public education is a public service provided by the state for its own good. It is only incidental that the child may receive private advantages from the schooling that the state provides for him, and he is not expected to pay for it in cash at the time. In most cases he will, of course, eventually pay for it many times over by virtue of his increased productivity as a worker and his greater wisdom as a citizen. He will also pay for it in cash because his larger earning power will place him in a higher income-tax bracket and also give him additional purchasing power which will be subject to other types of taxes.

There is no reason whatever that this same principle does not apply to education beyond the high school in our day. It is universally agreed that the billions of dollars of tax money that paid for education of veterans under the G. I. Bill of 1944 have already been more than recovered in full. During the nineteenth century, when most of our state universities and land-grant colleges were founded, it was the intent that they should be tuition-free. Today the California Constitution requires that all public two-year colleges shall be free. The City University of New York is free to full-time undergraduates.

In 1965 the Pennsylvania legislature appropriated nearly $1 1/2 million to Pennsylvania State University specifically for the purpose of enabling the university to reduce its tuition fees without loss of operating income. This is a fresh wind. Some legislatures have fruitlessly sought a fixed ratio, such as five to one or seven to one, between tax appropriations and student fees. This ratio should be conceived as a sliding scale, with tuition fees in public colleges and universities moving down to zero as soon as practicable.

The states can afford this. It may involve some modernizing of state revenue systems, but that is necessary in any event. The states can retain their dignity and responsibility and self-respect by moving forward to make public higher education accessible and tuition-free to all their citizens.

## KINGSTON JOHNS, JR.

In any discussion of "Financing Higher Education" and the included sub-topic on "College Costs," a financial aid officer immediately translates the subject into student terms, because the chief responsibility of an aid administrator is to make an education possible for qualified students who lack sufficient financial resources to begin or remain in school. I will confine myself to the issues of undergraduate financial aid, a thoroughly complex topic in itself, warranting all of our attention and not to be further confused by the problems of graduate assistance, a chaotic situation if ever there was one.

Student expenses for education in the United States are arranged in a peculiar fashion. For all practical purposes, elementary and secondary schooling is free. Graduate study, especially in the sciences and technology, is generously supported by fellowships, grants, and assistantships. But undergraduate costs largely are passed on to the consuming student and his family. At the same time, history shows that we have placed more emphasis on the virtues and values of higher education than any other culture. The baccalaureate degree is a fixed scene in the Great American Dream. Unfortunately it appears to be attainable chiefly by the relatively affluent above-average students, while the average or slightly below-average students from low-income families seek and secure it in discouragingly low numbers.

Now, I do not intend to argue about the usefulness of a college education other than to say that, in addition to the individual benefits derived, all of society clearly profits from an increased number of graduates. However, some recent surveys, with considerable unanimity, point out that the student and his family must share in meeting the great majority of college costs. And as those costs increase at about five percent per year, we are in serious danger of pricing higher education out of the reach of students from low-income families. In order to offset some of that condition, a host of student financial assistance programs now exist.

Historically, only the very affluent were able to attend college, so the earliest scholarships were awarded by a few prestigious institutions interested in widening the cultural and economic characteristics of their student populations. Most of this effort took place in the private schools which, then and now, were more expensive than publics. During the early part of this century, huge sums had been established at a number of colleges, chiefly but not exclusively located in New England. Data on loans seems not to be as readily available, but we have seen a dramatic change in attitudes about borrowing for an education since creation of the National Defense Education Act of 1958. While students always have worked to meet all or part of their educational expenses, it has been only recently that any real attention has been given by colleges to this valuable source of aid.

* * *

Dr. Johns is Assistant Director, Regional Office, College Entrance Examination Board, Sewanee, Tennessee.

We could say that only twenty-five years ago, it would be an unusual situation to find any truly organized college financial aid program. The student who had to have aid needed to call at a host of offices individually responsible for some scholarships, a little loan money, or a job. Most of the various campus individuals or offices involved were unconcerned about each other's functions. It didn't matter much anyway, because most institutions professed no real interest in securing any quantity of impecunious, but bright, students.

A number of factors have influenced rapid changes in student financial aid administration. The application of modern business techniques to aid management, three laws providing educational benefits to veterans, the growth of private financial support for higher education, three laws providing millions in Federal aid to needy students, and the establishment of the College Scholarship Service (a major division of the College Entrance Examination Board) are a few examples of these influences.

States have worked at alleviating student financial aid deficiencies with scholarships (like those in California), and guaranteed loan programs, some of which are now tied in with Federal guaranty money and interest subsidies. Private industry, civic and professional groups, charitable organizations, and foundations are not to be discounted.

Current student aid programs are characterized by the presence of large and complex sums, centralized campus administration, and a professional staff in the financial aid office. Most aid today is offered to able students who could not begin or continue in college without help. Recipients are selected for their scholarship merit or potential with awards offered in proportion to demonstrated need after the college collects and carefully analyzes a great deal of confidential parental financial data, information regarding applicant savings, and student summer earnings.

One concludes that there have been, and continue to be, huge efforts to provide money for college students who need it. The amount involved on a national basis is difficult to determine, but it is several hundred million dollars annually in scholarships, grants, tuition remissions, long-term loans, and jobs.

In summary, there are five clearly definable trends:

1. Federal money is poured in when and where other money, or the lack of other money, fails to do the necessary job.

2. Institutions of higher learning are on the verge of losing real control of the aid dollars they administer, since approximately 75 percent of it soon won't be their own.

3. Today, student financial aid is a tool for social change.

4. The public and private conscience has been aroused just enough to create a wide variety of financial aid sources.

5. Colleges and universities are upgrading their student aid administration in recognition of its expanding importance and complexity.

But along with the trends, come problems:

First, there isn't enough money to meet the need. Rapidly expanding enrollments coupled with increased college expenses outstrip the growth of aid funds. It is too early to judge the impact of the Educational Opportunity Grant Program which is funded with $56 million for 1966-67 to help about 120,000 students. I find very few colleagues who agree with me, but it is my guess that the presence of new scholarship money will uncover many more qualified college candidates than the anticipated 120,000, especially in the South where the college-going population is lowest in the nation.

Second, too many colleges are still competing for the allegedly academic elite. At a time when there is no shortage of students, we still have some less than satisfactory practices in scholarshipping. Awards to students who don't need them amount to denials to those who do.

Third, there are not enough qualified financial aid administrators. Best estimates indicate a 30 percent annual turnover in personnel. And too many aid offices are undermanned as it is.

Fourth, there is a great debate about who should help finance the education of worthy and deserving students. Should it be free enterprise, state government, Federal government, or all?

These introductory remarks, the resume trends, and comments on problems suggest a number of implications for state legislators:

1. There is great danger in seeking more operational dollars from the student himself. The higher the cost, the more we eliminate students. The May edition of College and University Business points out that "colleges and universities today are getting less income from tuition and fees than ever before, only 12 percent during 1964-65." At the same time, tuition and fee charges continued to go up. So I suggest to you that it is both imperative and financially sound to hold the line on tuition and fees. University of Massachusetts President John Lederle said it best--"The low or free tuition principle is the best scholarship system in the world."

2. You have an obligation to work for increased public financial support for higher education. The climate will never be better. Current social awareness of human needs can serve as an economic springboard for good. A legislator can successfully argue for increased taxes and appropriations with expectations of a satisfactory public response.

3. The colleges need both the money and the advantage of large financial aid resources close to home. I submit that the insurance companies, pension and retirement funds, credit companies, and savings and loan associations can come up with millions of dollars for guaranteed loans in this region. We must have these dollars for those students who need more money than the colleges can offer; who need aid when the colleges run out of it; who do not meet rigid needs tests, but will be hard pressed; and for those who may not meet some narrow institutional rules, but definitely need aid.

Let me conclude with a series of questions for which state governments must find answers:

1. It is time to ask institutions of higher learning to use their own financial aid money in proper ways before they receive the public's funds to do a job some colleges are unwilling to do with their own funds.

2. How much student aid legislation has been considered or passed in our states without so much as a routine check with institutional aid officers to see if such legislation will work or is even needed? There exists too much duplication and overlap, frequently to the confusion and over-generous or stingy support of the students involved.

3. What legislator here knows the extent of aid dollars available in his state, the numbers of recipients, the numbers of academically qualified students denied aid, the amount of money needed to meet their problem, and financial aid account balances, if any? Without that information, states really can't find solutions. Every state has at least one agency capable of securing these vital facts.

4. Is there a state which accurately knows the range of family incomes represented by the students enrolled in public colleges?

5. In what states are there satisfactory programs fostering interinstitutional cooperation in admissions and aid to the ultimate benefit of more qualified students enrolled with the necessary money to pay? There are both plans and materials to accomplish that end.

6. In your state, how many colleges or other qualifying agencies have plans to fulfill institutional commitments to the Federal government to identify students in their early high school or junior high school years and to make pre-college offers of financial aid to those deemed qualified and needy? This is a point every college agrees to when it gets Educational Opportunity Grant money. Again, there are plans, materials, and money available to establish such programs.

Finally, we need a long-range financial commitment to help every worthy and deserving student in our region. I submit that we should attack the problem with as much tenacity and determination as our national policy to conquer space. I cannot emphasize it more, and you cannot afford to do less.

## E. F. SCHIETINGER

I am glad that we have on hand for this meeting copies of the Russell-versus-Harris debate on higher tuition because our speakers and resource people are pretty much lined up on the side of low cost public education and might find it difficult to interpret the cause of high tuition with the degree of logic, eloquence, and force which Seymour Harris brings to that argument. If some of you have not read it lately, I think you will find his statement bears rereading--and so, for that matter, does John Dale Russell's response on the other side of the question.

My chief responsibility here is that of presenting a selection of facts which bear upon the case. Is the validity of Russell's and of Harris' arguments affected by what has happened since they spoke almost ten years ago? Some would say the main thing that has happened is that tuition has continued to rise steadily. In ten years, tuition at both public and private institutions has gone up about 80 percent. The increase at universities is about ten percent greater.

When the price of everything else is rising, shouldn't tuition as well be allowed to keep pace? Those who hold out for the extension of completely free access to higher education would say no. But the fact of the matter is that the increases in higher educational fees are far in excess of the general increase in cost of living. Cost of living advanced only 17 percent during this period while college prices advanced 80 percent.

These are comparisons at the national level; the regional pattern is much the same, with Southern levels of cost and of cost to the student both falling somewhat below the national level. There is this difference, however. The average family income of the Southerner is considerably below that of the United States average. Sometimes we become so intrigued with the rapid growth of personal income in Southern states that we forget there is still a 24 percent difference between region and nation. In Mississippi the difference is 43 percent; in Arkansas it is 35 percent. In such states the relative cost of higher education for average families actually exceeds the national average in spite of the fact that dollar costs may be below the nation's. In the ten years when tuition and fees advanced 80 percent, income in the South advanced only 50 percent.

I do not want to bore you with statistics on this matter of student cost, but I do feel it well to emphasize once again the somewhat neglected fact that student fees are the only major source of financing the higher educational instructional operation which accounts for a larger share of cost today than a decade ago. Notice I said instructional operation. It is very common today

* * *

Dr. Schietinger is Research Associate, Southern Regional Education Board.

to talk about trends in total cost of current operations or trends in total educational and general cost. Both of these categories include research money, and I think it makes very little sense to talk about student fees as a share of a budget which includes research expenditure, when an institution like the University of Georgia spends over $12 million annually on research. The research movement is an essentially new dimension in higher education since World War II and should not be allowed to confuse the picture of who is paying for the teaching of students.

Fortunately, agencies like the Council of State Governments and the U. S. Office of Education are moving toward a "student education" point of view of assessing cost. In the public sector, students are paying 16.4 percent of student education costs today compared with 11.9 percent ten years ago. They are paying 54.5 percent in the private sector, compared with 48.8 percent ten years ago. I don't think anyone wants to sock the student, but the fact remains that the colleges and universities are in a seller's market today as they have never been before. I am referring, of course, to undergraduate education. Sputnik and related factors have long since put the graduate student in a much more sought after position, and financing of graduate education is not the subject of this session.

You may say, "Yes, we have free public education at the elementary and secondary level and we have essentially free access to graduate education for those who are well qualified for fellowships and assistantship programs. Does society have to provide free access at the undergraduate college level too?" Well, most advocates of low-cost public higher education do not go all the way with John Dale Russell and his argument in behalf of free public higher education. But as college requirements continue to be tightened up, there will be less and less heard about the student getting something for nothing and more about society making sure that every individual is developed to the point where he can be most useful to society.

Russell emphasized the contribution of the educated individual to society at a time when hard-nosed economists had very little to offer regarding the extent to which the economic system actually depends upon education to sustain its growth. Today there is a respectable body of economic literature on this subject. For the period 1929 to 1957 it is estimated that 17 to 32 percent of economic growth was accounted for by education. I believe such figures on the value of education to society will in the future be cited a great deal more than the rather familiar figures on the value of education to the individual that we have been seeing for some years now.

One fact that is affecting this whole area at an accelerating rate is the community college movement. We have heard a great deal about community colleges as a means of enlarging educational opportunity. The fact of the matter is that the community college movement in many states is serving as a vehicle for extending essentially free public education through 14 years, and the rest of higher education is gradually adjusting itself to that fundamental fact. I think basically we are all committed to low-cost public education through the college level, whether we realize it or not. The real issue is one between methods for providing low-cost education--whether by lowering tuition or by increasing student aid.

Although I favor everything which Kingston Johns stands for as spokesman for student aid, I think a philosophy of student aid should not be coupled with a doctrine of high tuition. Such a combination can be an expensive, sometimes deceptive, illogical means of accomplishing our basic goal when the matter could largely be taken care of simply by cutting down on tuition. Why pay for programs to find out who deserves help when the simple expedient of reducing tuition would remove much of the need for help? Why collect taxes for student aid which goes to college fees when that income could come in the first place out of direct appropriations to the colleges?

Of course this is an oversimplification, but someone does have to take the role of devil's advocate. Tuition is still a relatively small part of student costs at public institutions. Student aid is needed in any case just to provide maintenance for the aspiring young scholar of limited resources. Our percentages of college-age youth going to college are rising in almost every state. As these percentages increase, we are taking in more people from backgrounds which formerly did not contribute to the college-going population. Barriers to college attendance have traditionally been either lack of ability or interest, or lack of means. Since admission standards are rising in most colleges, the main increases must be coming from those who contend with financial barriers. Thus the proportion of public enrollment which needs low-cost education the most is growing.

Likewise, wherever there is the possibility of containing the upward thrust of student costs at private institutions a service will be performed to the entire educational structure. It is in the interest of public policy that the cost difference between the public and private sectors of higher education should be kept low enough to guarantee effectiveness of the private institutions. The private colleges and universities must be kept vigorous and viable in order to help keep the public institutions on their toes. You hear a lot about diversified higher educational opportunity and pluralistic systems of education. What all of this adds up to is a recognition of the wholesome aspects of the competitive process. Competition is needed in higher education just as it is needed in the economic world.

In this connection I think I would be derelict not to say a word about non-resident fees. Non-resident fees at public institutions continue to mount, operating like a protective tariff to preserve our resident students from having to compete with out-of-state students who can pass the higher admission standards applying to non-resident applicants in most states. I have never understood this logic of subjecting the out-of-state student to double jeopardy--first raise admission standards so that you get only well-qualified out-of-staters and then raise their tuition so they won't come. If there are limitations of space, why not raise the standards a little more and stop using fees as a valve to control the number admitted?

In summary, legislative policy with respect to the student's share in financing of higher education might include the following ingredients:

1. The share which student fees contribute to the instructional income of public institutions should not be considered subject to upward revision.

2. Access to the 13th and 14th year of education should ultimately be available without charge within commuting distance for all residents of a state.

3. The flow of non-resident students to public institutions should be regulated by adjustment of admission standards rather than by level of fees.

4. State governments should take the initiative in providing such student aid as is required to assure each individual the level of education for which he is qualified.

## RUSSELL I. THACKREY

The term "student costs" in higher education means many things to many people. To the student it means what he or his parents have to pay, either in required fees or for living or other expenses.

To the college or university it means the cost of providing educational or other services to students, as distinguished--when it can be distinguished--from the cost of research, public service, and other activities. Because of the popular pastime of taking total university budgets and dividing them by the number of students attending to arrive at a per-student figure, the term "student educational costs" is now being widely used to distinguish between the actual cost of educational services to students, and the total costs of operating a multi-purpose university. You can get a shockingly high figure by dividing the number of students at M.I.T., for example, into its total budget--but it doesn't mean anything.

In the absence of instructions, Dr. Chambers and I have decided to emphasize in our papers the problem of rising charges to students, and particularly those in the form of tuition and other required fees.

All of us are justly proud of the fact that more of our young people go on to higher education than in any other major country in the world. It is perhaps the basic source of strength of this country, however you interpret the term.

Our pride has to be tempered by the fact that today the United States is in the unenviable position, in higher education, of making students pay more of the cost of their education than in any other major country except Canada, which is moving more rapidly than we are to stop the rising spiral of increased student charges. Most countries, incidentally, do far more than we do to subsidize living as well as instructional costs.

The great increase in Federal involvement in higher education in recent years is well known. Leaving research support aside, most of the new Federal activity has--to use a medical analogy--been in terms of treating the symptoms rather than curing the disease. As institutional charges have mounted, the Federal government has responded with massive programs of student loans, graduate fellowships, work-study opportunities, and scholarship help for those in the lowest income brackets and for war veterans. Most of these require some matching by colleges from their own funds--money which might otherwise help hold down the level of student charges. Some Federal help is offered through grants for academic facilities and low-interest loans for college housing, both helpful in cutting costs to students. If present trends

* * *

Dr. Thackrey is Executive Director, National Association of State Universities and Land-Grant Universities.

continue the prospect is for more and more increases in student charges and more and more Federal assistance to more and more students to help pay them, together with more and more people involved in the task of deciding who gets help and who doesn't, in short--deciding who goes to college.

While it is true that those who can't pay the charges and can't get scholarships can borrow, they also finish college with a heavy load of debt at the time when they are least able to pay it off. And there is also heavy pressure to enter occupations which offer the greatest financial rewards in the least possible time.

The great underlying issue in discussion of financing higher education today is really who is going to pay, how, and when.

There are those who agree that society should pay for educational costs, but do it by paying established tuition charges, leaving students free to go where they will. This is an expensive and irresponsible method of financing higher education. There is a widespread public belief that virtually all colleges and universities charge tuitions which are less than the cost of education. As a generality this is a myth. It is true that most colleges and universities can show that their total educationally-related budget is less than their student-fee income. This obscures the fact that many institutions charge many students substantially more than the cost of their education and use the surplus to finance the education of other students in high-cost scientific, technical, professional, and graduate programs, and for research. A few institutions which concentrate on low-cost programs make a net profit on their total educational operations.

I submit that if public money is to be used to pay tuition charges, as a general means of financing institutional support, then the public has a right to know that the cost of this service either does not exceed the charge, or, if it does, to have a voice in the uses made of the money. I doubt if most of those who advocate such a program are prepared to comply with these requirements of sound public policy.

Another widely advocated and misunderstood suggestion is that tuition payment be subsidized indirectly through the income-tax credit route, related to tuition and required fees. This has all the disadvantages of the direct tuition-payment route, compounded by the fact that it discriminates sharply against those who need help the most. It would also reduce sharply the tax revenues available for public purposes, including educational purposes, as determined by the legislative bodies responsible for tax policy and for the proper and economical use of public funds.

Scholarships, fellowships, student loans, borrowing, and tax concessions all have their place in the scheme of things. Using any one or any combination of them as our major reliance involves elements of cost, pyramiding of bureaucracy, and denial of educational opportunity which we should avoid. They also involve abandonment of the basic principle of public provision of educational services at all levels: support on the basis of ability to pay and availability on equal terms to all who can benefit.

If we can flatten out and then reverse the rising spiral of charges to students, the problem of providing help to those who still can't afford higher education will still be with us, but--in my opinion--it will be marginal and manageable.

If we keep on feeding the disease by raising student charges and then trying to treat the symptoms by individual financial aids, the patient--which is all of us--is in for serious trouble.

# SUMMARY OF WORKSHOP DISCUSSIONS

A. J. BRUMBAUGH

During the sessions of this conference our speakers have outlined dramatic impending developments that have implications for financing higher education. It has become crystal clear that the financial foundation and the wise use of funds determine the quality of higher education. You and your colleagues in the legislature have, therefore, the tremendous responsibility of the future of higher education in your respective states. Wise decisions depend on sound policies and procedures. It will be quite impossible in the brief time allotted to this summary to review the important considerations that must be taken into account in making wise decisions affecting the future of higher education. A few highlights may, however, be noted.

1. There will be an enormous increase in potential college enrollments in the next few decades. The policy question that must be decided by the legislators who represent the views of their constituents is, shall appropriate post-high-school educational opportunities be provided for all who desire them and can profit by them? Either by declaration or implication the answer is generally in the affirmative. The procedural question is, How can such opportunities be provided within the resources at a state's command? The answer generally involves the expansion of community colleges and technical education, the expansion of senior colleges and universities and the establishment of new ones, and the full use of privately supported higher institutions.

2. A program of expanded opportunities adequate to impending needs cannot be developed on a haphazard basis. There must be a coordinated long-range plan. The importance of coordinated long-range planning was stated so effectively by Governor Moore last evening that nothing more needs to be said here.

   The prerequisites to long-range coordinated planning must not be overlooked. Among them are:

   -- A duly authorized coordinating and planning agency must be established.

   -- Planning must begin with the determination of projected post-high-school educational needs.

   -- It must include an appraisal of present facilities in terms of maximum capacity and efficient use.

* * *

Dr. Brumbaugh is Consultant, Southern Regional Education Board.

-- It must identify needs that cannot be met with present facilities.

-- It must indicate what new programs and facilities are needed, where they should be established, and in what order of priority.

-- Estimated costs must be projected as accurately as possible.

3. Communication is an essential factor in long-range planning and in decision-making. There must be continuing communication between a planning agency and legislators on the one hand, and the public on the other hand. Effective communication may be achieved through reports from the planning agency, through visits to institutions by legislators, through hearings conducted by legislative committees, and by other means that may be devised for this purpose.

4. Luxury and extravagance cannot be tolerated in providing funds for needed facilities. Evidences of indefensible extravagance are found in the use of space, in concentration of teaching schedules in a few preferred hours of the day, and in overexpanded course offerings.

5. Legislators must look to the future rather than to the maintenance of the status quo. There is a challenge to the imagination in what lies ahead in higher education. In fact, what happens in the development of higher education will determine in a large measure the future economic and cultural resources of the state. Yet legislators sometimes take the attitude that they must keep the lid on expenditures--that expenditures must be limited to funds in sight. This approach limits the future potentialities of the very foundation of the state's economic and cultural development.

The outlook for higher education comes into sharp focus when a legislature is called upon to make appropriations involving budget for operating costs, capital expenditures, and student costs. These were the topics considered in some detail in the workshop sessions. Many questions were raised in the course of the discussions. These cannot be reported on in detail but a few of the main points of interest and concern can be briefly summarized.

Regarding the budgeting process, it was proposed that because the time is limited for the purpose of making decisions during a legislative session, an inclusive budget that gives an overview of planned expenditures is needed. The basis for the construction of such a comprehensive budget is cost analyses and the application of formulae. Among the items that enter into the use of a formula for use in the budgeting process are construction costs per full time equivalent student by levels of instruction; costs of various programs; costs classified as to administration, instruction, operation and maintenance; costs of library books and materials; and costs of research.

The point was developed in the course of the discussions that such analyses will reveal unnecessary duplication of functions and unjustifiable costs.

It was proposed that these conditions would be revealed most clearly in a role and scope study. Several illustrations were cited, namely Oklahoma and Florida.

The term flexibility occurred repeatedly in the course of the discussions, particularly with reference to long-range planning. A formula or plan may become so rigidly entrenched as to arrest the effective, continuous development of a state system of higher education.

Innovation is another term that occurred several times. New methods of teaching, computerized operations, and other developments promise to change if not to revolutionize higher education. Legislators need to be fully informed about these developments, otherwise the most promising improvements may be stifled because their novelty arouses distrust.

The second major workshop topic was capital expenditures. Here again long-range planning was stressed. Such planning must take into account obsolescence of existing buildings as well as the need for new facilities. Basic to a request for capital funds are such considerations as an inventory of existing facilities, the intensity of their use, and the possibility of extending them. Consideration must also be given to the provision for new developments. For example, television instruction, learning resources centers, the adaptability of space to new uses. An emerging concept in this connection is the residential-instructional unit. Also the small college within a large institution.

Long-range planning for capital expenditures should be made with full institutional participation. Among specific issues that emerged during the course of the discussion were:

1. Should student fees be used to amortize building costs? The consensus was that this is wrong in principle but is being done in some institutions as a practical expedient.

2. Are there generally accepted standards of space utilization? The answer was "no." In a number of states, standards have been set as a guide to estimating space needs.

3. Should private interests be allowed or encouraged to build and operate student housing adjacent to a campus? Some skepticism was also expressed about this arrangement, particularly as it related to a concern for student welfare and conduct. The point was made that independently operated facilities of this type give institutions little opportunity to maintain conditions that are conducive to effective study and learning. The point was also made that these arrangements may relieve an institution of responsibilities that it has difficulty in discharging. The consensus seemed to be that provision of student living accommodations by private enterprise may provide a partial solution to the problems of student housing, but there was by no means complete agreement on this point.

The third topic considered in the discussion groups was costs to the student. The point was stressed repeatedly by the speakers on this topic that while the student is of primary concern in planning and budgeting, society is the major beneficiary of higher education. This being true, the student or his parents should not be called upon to pay any considerable portion of the costs of his education. This is really an investment in the interests of society, and society will recover its investment in very few years.

Obviously legislators are now confronted with the issues of who shall pay educational costs--the student or the society whose interests as an educated citizen he will enhance.

The principle that the cost to students should be kept to a minimum is reflected in provisions for educational benefits to veterans; the growth of scholarships and fellowships supported by both public and private funds; and provisions for the cancellation of loan obligations under certain conditions. It is also recognized in the establishment of community colleges and city colleges with very low or no tuition.

Certain issues arose in the discussions that need to be noted. The principle of free tuition was sharply challenged. It was argued that free tuition in public institutions would place private colleges and universities in financial jeopardy. Also that free tuition tends to lower the value of education in the esteem of students. Counter arguments were presented, but the difference in points of view no doubt still persists. But the value of low tuition in community colleges was generally agreed upon.

The use of student loan funds has limitations that create serious doubts that such funds offer a satisfactory solution to the problem of student costs. But there appears to be a revival in modified form of a plan that was in effect during the depression years of the thirties, which provides Federal grants to enable students to earn part or all of the cost of their education through student work programs.

The education of out-of-state students was another issue that was presented. Here again the response was that among most states the number of out-of-state students being educated tends to be counterbalanced by the number of residents who go to other states for their education. The value of wider contacts in a cosmopolitan group was emphasized. It was further argued that this flow of out-of-state students should be controlled by selective admission rather than by the charge of high tuition.

The question of the source of funds that would be required to compensate for low tuition was also raised. Here it was pointed out that the country is experiencing a period of continuing prosperity, and usually income to the states exceeds the amount of anticipated funds. Also, a number of states have not resorted to additional sources of tax income that might be used for educational purposes. The point was further made that Federal support to higher education is increasing at a rapid rate. The desirability that these funds be made available to the states for effective use, rather than being assigned to specific projects, was strongly emphasized.

The give-and-take of the discussions during these sessions suggests that an extension of this kind of interchange between legislators generally and between legislators and their constituents, as a means of providing a better understanding of the questions of policy and procedures, would be highly beneficial.

# SPECIAL ADDRESSES

## GOVERNOR DAN K. MOORE

The topic of this Legislative Work Conference is "Financing Higher Education." No legislator and, I can assure you, no governor at this particular point in our nation's history is unaware of the rapidly growing financial needs of higher education. One of the "old familiar songs" which we have become accustomed to hearing is the importance of higher education to the economic, social, and cultural development of a state or community. We also have grown accustomed to the fact that higher education enrollments are mounting rapidly. The necessity of improving the quality of higher education and simultaneously making it available to larger numbers of people has the obvious effect of necessitating rapid increases in state appropriations for higher education. I am all for increasing the financial support of higher education in my own state and in the Southern region. Furthermore, I recognize that the largest portion of this increase must come from the state treasury.

In accepting the necessity for substantial increases in state financial support for higher education, however, I do not mean that governors or legislatures should simply write a blank check. Both governors and legislatures have a responsibility to the public for the wise expenditures of all state funds, including those appropriated for higher education. This is a responsibility which we cannot abdicate. Therefore, the question arises as to how the boundary shall be determined between necessary and desirable increases in state appropriations and wasteful ones. A parallel problem arises out of the transformation of higher education into a "big business" enterprise. When colleges and universities were relatively few in number and relatively small, the governor and legislature could make judgments in a fairly simple fashion. Now that the higher education appropriations in our states run to $25 million, $50 million, $75 million, and, in some cases, over $100 million per year, it is not possible for either a governor or a member of the legislature to look at the requested amount and decide whether it should be cut by half a million or by five million or by fifteen million to arrive at a proper appropriation.

One answer to this dilemma is a new emphasis on systematic planning for higher education. A state budget has been referred to as "a plan expressed in terms of dollars." If this is an accurate description--and I believe it is accurate in the case of those states which have developed modern and effective budget systems--then the planning necessarily must precede the discussion of dollars.

A recognition of this is suggested by the fact that nearly all states have now established some kind of planning and coordinating agency for higher education, and the majority of these planning agencies have been established during the last 10 or 15 years. These planning and coordinating agencies vary

* * *

Governor Moore of North Carolina is a member of the Southern Regional Education Board.

greatly from one state to another, but most of them are charged with responsibility for planning a state system of higher education which will meet the needs of the people adequately while avoiding costly and unnecessary duplication of programs or activities.

When they are successful, these agencies have not been arbitrary budget-cutting and program-cutting operations, but instead have carefully evaluated the state's needs and the programs necessary to meet those needs and then have developed plans and recommendations for the expansion of higher education in ways which will most benefit the state. In other words, these planning and coordinating agencies have recommended an increase in the appropriations for higher education and the development of new programs and activities at existing institutions. Often they have also recommended the establishment of new institutions, especially new junior colleges. The difference between the recommendations of the higher education planning agency and the collection of independently produced institutional requests, which would come to the governor and legislature if there were no planning agency, is simply that the planning agency has looked not only at the proposals of individual institutions, but also at the needs of the state as a whole. This is a crucial difference in this period of rapid expansion.

It is my belief that in all our states there is a fundamental desire to provide adequate financial support for higher education. But very properly that support will be withheld until such time as there is a long-range plan which outlines where we are, where we want to go, how we plan to get there, and, finally, indicates how much it will cost. I believe that our basic problem is not primarily that of showing the need for adequate financial support. Our real problem is showing that we know what we want to do and why.

The public properly demands the maximum return for each dollar invested in higher education. We can give them no such assurance without adequate long-range planning.

Closely related to public insistence that we know what we are doing and why is the knowledge that we are well behind the rest of the nation in our financial ability to meet real needs. Our citizens generally understand that the Southern states, as a group, devote a greater percentage of their resources to education than any other area in the nation. And they know that nevertheless we still spend less per capita. They know that we, more than any other area, cannot afford the high cost of failure to plan adequately.

How then are we to plan successfully? I believe that there are four fundamental questions to be answered as I have already indicated: Where are we? Where do we want to go? How best do we achieve these goals? What will it cost? There is no single document that states the answers to these questions as well as does the SREB's own report of its "Commission on Goals." This

1961 report, significantly entitled Within Our Reach, contains as one of its basic recommendations the following: "Every Southern state should have a central agency for long-range planning and coordinating of higher education."

A key follow-up document is A. J. Brumbaugh's report for the SREB entitled State-wide Planning and Coordination. Among its many useful contributions is a statement of the "requirements for effective state planning." Without duplicating what is set out so well in this publication, I would like to give special emphasis to certain points which are made and suggest some additional ones.

A long-range plan "must be suited to the individual needs and problems" of each state. I am sure that each of us is in such complete agreement with this statement that it requires no additional comment. But it is so fundamental that it cannot be overemphasized.

A plan must be long-range. Most of us in our respective states have considerable difficulty in determining even the short-term needs of a given college or university. But think of the problem when each institution and its supporters, as Dr. Brumbaugh so accurately understates, "sometimes find it difficult to view their institutions in the perspective of a total state-wide system of higher education." How are we then to make equitable allocations unless we have a long-range plan?

A plan must be an outgrowth of planning by the individual college or university. In our own state--and unfortunately in most states--only minimum attention has been given to planning for the future role and scope of a given institution. This problem is shared by both public and private colleges and universities. A combination of factors accounts for this. We have not always made the funds available for planning and the institutions have not always been willing to devote the many hours required to this essential task. Both must be corrected.

A plan must be constantly updated whether it be for a single institution or for the state as a whole. A characteristic of even the best of plans is that they go out of date fairly soon. Although we must look 10 to 15 years into the future, the projections characteristically hold up for much shorter periods of time. This does not mean that the long-range plan is valueless. It does mean that it must be updated or redone fairly often.

A plan must involve those who are affected. It is obvious that the involvement of those affected assures a better end-product. It may not be so obvious that the deeper the involvement by the greatest possible number of people also assures a broader base of understanding and hence support for the end-product. We anticipate as many as 600 persons becoming involved in our comprehensive plan in North Carolina. True, the majority will be educators working in their area of specialty, but we also will involve legislators, members of the executive branch of government, students, and the lay public. No plan can be successfully implemented without a broad base of understanding and support.

A plan must also involve private institutions of higher education. In my own state in recent years there has been a substantial increase in the number of persons attending private colleges and universities. The state-supported institutions have grown much faster, until today 58 percent of our students are in public institutions. But everyone here knows that it would be impossible for any state to carry the financial burden now being borne by our private institutions. We must give them all possible encouragement and cooperation.

As surely must be obvious to all of us, there must be some form of independent agency to coordinate higher education planning if we are to obtain the maximum return on the millions which inevitably will be invested. Such an agency, as long ago stated in our own SREB report, must "be given a clear statement of its mission and responsibility"; it must have "sufficient authority to carry out its responsibility"; and it must be staffed with competent personnel. I would add that it must have sufficient support, both moral and financial to enable it to perform effectively.

Lacking a central agency and a coordinated, comprehensive plan for higher education, what will likely result?

First, and foremost, I suggest there will be an inability to obtain adequate financing for higher education from our legislators and the citizens whom they represent. And this is as it should be.

A second result is that others will step in wherever we leave our part undone. It should be clear to all of us by now that where we leave a major problem unsolved--and the financing of higher education is such a problem--the Federal government will move in with a solution. Education is so vital to our national well-being, indeed to our survival, that there is no alternate if we move with too little and too late. Have we not already had adequate warning that rights become meaningless for either states or individuals unless they are exercised responsibly?

A third result of a failure to plan on a comprehensive and long-range basis is educational and fiscal chaos: Institutions will seek favored positions before legislative bodies; costly duplication of programs will result; public confidence and thus financial support will be weakened; and certainly the quality, if not the quantity, of educational opportunity will diminish. And who really suffers? It is the students, and through them, our states.

I know of no viable alternate to long-range planning for higher education. It is for this reason that I have emphasized it here today as we discuss

"Financing Higher Education." It is, I am convinced, the necessary first step to any successful effort by a state.

## GOVERNOR CARL E. SANDERS

It is a privilege for me, as Chairman of the SREB, to give the concluding address of this 1966 Work Conference. I want to begin by commending SREB's Legislative Advisory Council for planning this year's conference on such an important theme: Financing Higher Education.

Southern legislatures meeting this year greatly improved financial support for current operations of our higher educational institutions. They also added institutions, revised state organizational structures for higher education, enlarged provisions for student aid, and extended facilities for educational television.

Eight Southern legislatures this year increased higher educational operational budgets 40 to 60 percent. The overall increase was approximately 51 percent, as compared with a national average of 39 percent. There also have been significant improvements in capital outlays.

Other significant improvements of this year include the following items: a new medical school in Louisiana; a new dental school in Georgia; three new two-year colleges in Kentucky; acquisition of the dental school of Loyola University by Louisiana State University; acceptance of Paducah Junior College in the Kentucky system; elevation of four Kentucky state colleges to university status; reorganization of the Kentucky Council of Public Higher Education; a comprehensive study of all education in Mississippi; the adoption of a comprehensive community college plan in Virginia; trends toward educational TV in Mississippi, West Virginia, and Louisiana; extension of guaranteed student loan programs in Kentucky, Maryland, Mississippi, Georgia, and Virginia; fiscal provisions providing a retail sales tax in Virginia; a new budget allocation formula in Louisiana; and increased income tax exemptions for students or their parents in my own State of Georgia.

All of these improvements are heartening examples of legislative action toward greater educational progress in our region. As a citizen of the South, I am proud of what you, as legislators, are contributing to our educational advancement.

I must admit to particular pride in what our Georgia legislators have accomplished in the field of education.

When I took office as Governor in January of 1963, I created the Commission on Education to examine thoroughly our system of public schools. Their report revealed staggering inadequacies in both the quantity and the quality of instruction and facilities.

* * *

Governor Sanders of Georgia served as Chairman of the Southern Regional Education Board in 1965-66.

The Commission drew up an imaginative, far-sighted Master Plan for Education. I recommended the plan to the Georgia General Assembly, which approved it and has now implemented the new program.

I cannot yet announce that we have the finest school system in the nation, but I can point with pride to the unprecedented investment of almost $1.7 billion for educational improvement in Georgia by my administration. This investment in education is about equal to that of the previous two administrations combined, and they were also known as friends of education.

Another indication of the growth of our educational commitment has been the $174 million spent for college construction during the four years of our administration--a sum well over $50 million greater than the amount spent for this purpose during the entire 32 years of the State University System's previous existence.

Georgia now has eight new junior colleges either open or under construction, three others in the planning stage, four new senior colleges in development, tremendous expansion of existing colleges and universities, and steady advancement of faculty salaries.

Georgia, along with other Southern states, has made unprecedented progress in higher education. It is your responsibility and mine to see that our progress is continued. We must realize that increasing demands for higher education require a new scale of financial support in all of our states.

Why is this true?

Let's look at the facts of increasing enrollment.

During the 1950's, the number of students enrolled in Southern colleges almost doubled. The projected increase of college-age population in this decade is 48 percent, as compared with a 2 percent increase in the 50's. If a 2 percent increase doubled the number of college students in the 50's, we can be sure that a 48 percent increase will place a far greater strain on our institutions.

In Georgia's University System, for example, we had some 36,000 students three years ago. Three to five years from now we expect well over 90,000 students. Such tremendous increases in student populations will require equally large increases in financial support.

The South cannot afford to stand still or be satisfied with small improvements. Our young people must compete with graduates from throughout the nation. To have an equal chance, they must have both more and better educations than we are now providing.

Our institutions must compete in a national market for quality faculties. Our educational costs are no lower than elsewhere. We must contribute as much of our resources to education as other regions of the country, if we are to have any chance of competing successfully in the future.

Yet, SREB studies show an unhappy fact. Despite the massive efforts of some Southern states, on the average we have not done as well as non-Southern states in supporting public education.

Between 1957 and 1964, our percentage of the total national appropriation for education dropped from 31 to 28 percent.

In 1950, non-Southern states spent $46 more per student than we did. In 1960, they spent $76 more. We have been, in fact, losing ground.

Most disturbing of all is a comparison of the trend in higher educational expenditures as a percent of personal income. Since 1950, the Southern states as a group have moved from spending a higher percentage of their total personal income for higher education than did the nation as a whole, to spending a smaller percentage than the nation as a whole.

This drop is especially disturbing because higher education is our most fertile seedbed for overall growth and development.

Let's look directly at what is needed.

This year, 1966, the per-student state operational support in the South was $823. To give the same per-student support in 1970, we will need to increase state funds by 37 percent, from $830 million today to $1,140,000,000 in 1970.

If we add the effects of inflation to this figure, we can see that the increase each year in state appropriations will have to be about 11 percent, and this is just to keep up with our current inadequate programs.

We therefore must do more.

In every area, we must take advantage of every possible source of funds. We must then use them in the most effective way possible. We must be open to imaginative new methods of using the educational dollars.

But the basic problem is more money. In the next four years, we should double our present annual appropriations for higher education.

It can be done, my friends.

The recent advancements we have made in the South, some of which I have just cited, are examples of what Southerners, working together can accomplish. All around us we see the positive effects of these accomplishments.

But we must not be complacent, and we must drive home to the people of our states that this is a vitally important need, that without properly supported education, every other step forward a state tries to make will be impossible to accomplish.

Our continued success depends upon the working together of our political and economic leadership. One of our most valuable resources in this field is the Southern Regional Education Board.

As Chairman of SREB, I pledge to you the Board's continuing effort to be of assistance, and I welcome your suggestions in that connection.

The SREB staff is at your service. It will continue its studies, its research, and its sponsorship of forums such as this Legislative Work Conference.

On behalf of the Board, I want to express my appreciation to Governor Moore and members of the North Carolina General Assembly who have been such generous hosts.

I also want to express, on behalf of my fellow Georgians and myself, our appreciation for this opportunity to exchange ideas and information.

I know we have all benefited from the conference.

I also want to say to this group of people from all across the South, who are devoted to the ideal of excellence in education, that the future leadership of the nation is within our grasp.

We have the location, the space, the natural resources, and the kind of people who can turn the dreams of mankind into reality.

We have certainly had our problems in the past, but we will subdue them more quickly than some of our neighbors.

If we rise to meet the challenge of education, if we prepare our human resources to meet the challenges of this century and the next, then, my friends, the old South of the past will show a new nation how to live.

The decision is ours, and it must be made this year, and the next, or the moment will pass and our beloved South will once more be left behind.

I am confident that we will meet the challenge, and that in the bright years ahead, our children will be leading America on into the twenty-first century.

## FRANK G. DICKEY

About the turn of the century, a musical comedy made its appearance in Boston. During the course of the performance, one of the characters confides to the audience that life has lost all meaning for him. There is, he groans, no point in trying to go farther with the mess his career has become. He intends to bring it all to an end at once with as much dignity as he can muster. In one of those dead hushes we have all experienced in the theater, he produces an ugly-looking pistol and walks mournfully into the wings. A shot reverberates in the hall. Seconds later, his head appears around the curtain, and he says, "I missed!"

The scene illustrates the sort of anticlimax every speaker fears when he rises to face an audience after such an introduction as Win has given me. But I do thank you, Sir. It was a pleasure to listen to and I am sincerely grateful for the invitation to make a few remarks about accrediting and higher education.

I doubt seriously that there is any more misunderstood or maligned aspect of higher education today than accreditation. As you well know, voluntary accrediting associations have been assailed periodically since their establishment. They have been accused of blackmail, of the protection of mediocrity, of impossible idealism, of cynical loss of idealism, and so on and on.

It was my privilege, within this past year, to address an important group of teachers in one of the states represented here. I chose to recite a little of the history of accrediting agencies, intending to amuse them some, and to remind them of a fairly distinguished list of accomplishments that is the heritage of the accrediting associations. To my amazement, they came up afterward and declared that they had not known before what an accrediting association is. They wished that someone had told them before what lies behind the occasional visitations they experience or hear about, and the splash in the public press, when some educational affair becomes grist for the editors' mills.

Just a few weeks ago, in a conversation with several of the most influential and powerful men in one of your states, I was discussing this same question of rightful authority in matters educational. These men are not unfriendly to education. As a matter of fact, they have long and noteworthy records as eager and intelligent supporters of their schools and colleges. Yet, they too expressed concern at what they termed the interference of an accrediting association in the affairs of the schools of their state. They tended to categorize the accrediting associations as alien bodies intruding into their affairs with self-accredited credentials.

* * *

Dr. Dickey is Executive Director, National Commission on Accrediting.

Someone is seriously mistaken in these situations. I think we in education have done a poor job of explaining the purposes and the procedures of accreditation. I think the general public is at fault in not demanding to be informed about educational problems except at the most superficial level. But the allocation of error means nothing. What should those of us who believe in voluntary accrediting say about this form of protection for society which so many are questioning?

The simple truth is that voluntary accrediting is a part of the American choice of alternatives. There are other ways to govern and indicate the quality of schools and colleges. Many nations have chosen national ministries of education, and complete control by the national state. France offers perhaps the best and most successful illustration of a completely centralized educational system. But Americans have historically been suspicious of concentrating power in Washington, and have sought to avoid national controls as often as possible. We fear what we saw when Hitler's Nazis seized power in Germany and Mussolini's Facists won absolute control in Italy. We see another example of nationalized education in Russia today. No matter how attractive the ruthless efficiency of tyranny may appear, Americans do not want for themselves an educational system in which one group determines the truth that can be searched for, and the interpretation of the truth that is found.

The English have developed a system typical of their genius for compromise. The national treasury supports the educational effort to a major extent, but in the higher institutions it does so through a committee that is carefully guarded from political influence. New universities are further controlled by a required affiliation with one of the recognized institutions of the kingdom until they are adjudged capable of granting degrees on their own. This method has served the United Kingdom well, but I doubt that anyone would wish to propose that we adopt it for the United States.

State churches have ruled education in more than one country, and at one period in Western civilization stood as the last remaining ally of the love of learning. But Americans, always indebted to their churches for backing our first educational efforts, and usually willing to acknowledge that obligation, have firmly refused to establish any church as arbiter of its pluralistic system of education.

The Constitution of the United States, under the Tenth Amendment, leaves public education to the several states, and private education to its own devices. But the states, as wary of governmental dictation at their level as at the Federal level, have wisely attempted to leave the life of learning as free as is compatible with public safety. They set up elementary and secondary schools, and colleges and universities, and chartered private institutions. But, they deliberately allowed local communities and boards of trustees to attend to policy, and the school and college officials to attend to educational administration.

So it was that the Federal government allowed tax exemptions and furnished indirect support, but refused to govern. So it was that the states furnished tremendous sums of money, and assumed properly more control, but left the schools as free as they could under local authority or private trustees. And the nation grew, and also grew smaller. What one school did affected others across state lines as it had not done in earlier days. An increasing technology called for some way to compare training given at different institutions and training afforded as preparation for these institutions. Mobility in the population demanded that teachers, doctors, lawyers, and engineers be reasonably equal in competence, regardless of the place of their study. By the late nineteenth century, accrediting bodies such as those of the American Bar Association, the American Medical Association, and the Engineering Council for Professional Development appeared to certify graduates as meeting minimum standards for their groups.

Even earlier, however, and serving as the guarantors of the liberal education undergirding professional education, came the voluntary regional accrediting associations, organized by the educational institutions themselves to supply the leadership required for the educational health and welfare of our nation.

Then the unique American pattern was complete. The Federal government, the state governments, trustees of private institutions and church-related schools and colleges, the professional associations, and the regional associations each stand charged with a part of the responsibility; and each is checked by the others and supported by them. It is a familiar pattern; as I have said, we used something like it in constituting the United States. We had best remind ourselves that we shall never erase the necessity for the various types of control. We can only concentrate them in fewer hands if we insist.

In order that we may set our remarks in the proper perspective, let me remind you that throughout the ages man has been laboring to devise forms of government that will be based upon authority and at the same time permit liberty to the individuals. As you so well know, such efforts present manifold difficulties. This same problem of authority and liberty applies pointedly to the institutions of higher education in the United States--a nation where there is no Ministry of Education as there is in every other country of the world, a nation where control of higher education has largely rested with the institutions themselves, and where autonomy and freedom have been a rallying cry of the colleges and universities from the founding of Harvard in 1636.

As part of our insistence upon institutional autonomy and freedom we have blithely assumed that any college or university had a privilege and a right to add any course of study that it considered itself to be capable of offering. At one time this philosophy might have been tenable. Now its very premise is being questioned by the public as state and Federal funds are being sought and obtained in larger and larger amounts for the support of higher education and special programs of study. Many professions are becoming increasingly disturbed to the point of action at seeing so many colleges and universities adding or expanding professional programs of study when some of these institutions are not adequately prepared to provide the best education in the fields which they are already offering. And members of the academic disciplines are becoming alarmed as colleges are adding graduate programs, changing their institutional names, and declaring that now they are universities.

The time has arrived when higher education collectively must take a public stand for integrity: integrity of purpose, and integrity of action. We must be able to answer to the public:

> Are all the programs of study, professional or otherwise, in each of our colleges and universities basically conceived and soundly conducted?
>
> Are the immense sums of money entrusted to our institutions of higher education being prudently spent?
>
> Are the endowment funds of our independent institutions being invested without moral compromise?
>
> Are the practices of each of our institutions with regard to faculty tenure and academic freedom irreproachable?
>
> Are our student admission and housing policies morally correct?
>
> Are we in higher education doing all that must be done to eradicate the dishonest and fraudulent diploma mills that thrive in our midst under the guise of education?

These and other questions represent basic issues that we may not wish to face, but we have no choice. We must face these questions and issues on the basis of complete integrity. If the future of society is dependent upon education, then our institutions must be operated and shaped to exert a moral influence on the total conduct of man. This includes the refinement of self-governance that will provide the proper balance between authority and freedom.

Because we have no central ministry of education in the United States and, therefore, have fifty different state approaches to education, the need has developed for identifying institutions which meet certain minimum standards of quality. This information is needed not only to enable students to transfer from one institution to another, but also to protect society as a whole.

Accreditation may then be described as a method of protecting the public by identifying qualified institutions and helping to raise and maintain institutional standards. It complements, but differs from, licensure or certification whereby the states and some professions identify individuals who are competent to perform professional duties.

As I have already indicated, on the national scene the first type of accrediting to come into existence was general or institutional accreditation as practiced by the six regional accrediting associations (the North Central, the Middle States, the Southern, the New England, the Western, and the Northwestern Associations). These associations, representing certain regions of our country, while autonomous, operate on quite similar bases. They are voluntary associations and the standards are developed by the combination of the member institutions within each region. These regional associations, when reviewing an institution, look at all programs, but accredit total institutions, not the separate programs within the institutions.

Another type of accreditation came into being at the beginning of this century, a type which accredits separate and individual programs within an institution. This type of accreditation is spoken of as professional or specialized accreditation. Such programs as medicine, nursing, dentistry, law, journalism, teacher preparation, engineering, pharmacy, and the like are accredited by specialized agencies--all voluntary groups, but ones which operate on a national basis.

One might well ask, "Well, what is the National Commission on Accrediting?" Let me quickly explain the role of this particular organization which I represent. As early as the 1920's, universities were becoming concerned about various practices of some accrediting agencies that were demanding standardized educational practices that had little or no educational significance. By 1949, this concern led to the formation of the National Commission on Accrediting. To this organization, now composed of over 1,360 colleges and universities in all 50 states, was assigned the task of eliminating the objectionable practices and policies of accrediting agencies while preserving their contributions to higher education. Some persons hoped that the National Commission on Accrediting might work to eliminate accreditation of colleges and universities entirely. In contrast, others saw voluntary regional and professional accreditation as an expression of the American system of pluralistic governance--a potential, if imperfect, means of voluntary self-governance and self-control that colleges and universities must employ in the public interest unless they abdicate responsibility for their own regulation entirely to civil government. Maintaining this position, the National Commission on Accrediting has worked as the agent of the nation's colleges and universities in granting recognition to qualified accrediting agencies, helping to improve accrediting standards and practices, fostering increased cooperation among accrediting agencies, and recommending action concerning accreditation to its member institutions. Any college belonging to one of the following constituent associations is eligible for institutional membership in the National Commission on Accrediting:

American Association of Junior Colleges
Association of American Colleges
Association of American Universities
Association of State Colleges and Universities
Association of Urban Universities
National Association of State Universities and Land-Grant Colleges

These six associations named above appoint representatives to the Board of Commissioners of the National Commission. Thus the Commission, by consent of its members, speaks and acts for them with respect to policies and procedures of accrediting agencies.

There is one "catch" to the above explanation, however; for the National Commission on Accrediting is not as "all-powerful" as it may sound. While it does monitor and coordinate the work of the professional or specialized accrediting agencies, it does not have the same position of jurisdiction in regard to the regional accrediting bodies. These associations are, as I have indicated before, autonomous and the only group to which they report is a newly organized body known as the Federation of Regional Accrediting Commissions on Higher Education. This Federation represents an effort to bring a greater degree of unity and conformity to the policies of the six regional agencies. The regional associations and the National Commission have similar interests and they work closely in the interests of higher education, but the National Commission does not have control over the regional groups.

The "control" which the National Commission has over the professional agencies is that of "recognition," or possibly one might describe our function as that of "accrediting" the accrediting agencies. In other words, our National Commission does not actually accredit any institutions directly, but merely recognizes the various agencies such as the American Bar Association, the American Medical Association, or the American Dental Association, who do the actual accrediting of institutional programs in their specialized fields of interest. The 1,360 institutions making up the National Commission on Accrediting are obligated to deal only with the professional or specialized accrediting agencies recognized by the National Commission.

On a few occasions, when an accrediting association has felt compelled to act when an institution's integrity and autonomy have been threathened, there have been a few voices raised in protest against the need for regional or professional accreditation at all. At those times some have clamored for a system of state accreditation only. May I say that such a system would be detrimental to the best interests of American higher education, for free institutions would soon smother in such an environment. Certainly, state accreditation can and does serve a valid purpose and is very effectively utilized by many states to improve education; and it affords recognition to institutions within state boundaries. But in practically every case, accreditation by a state agency, whether political or non-political, is closely coordinated with the regional and national associations in recognizing and supporting sound educational endeavors. In many instances, state accreditation has been organized and structured to serve as a stepping-stone to, or preparation for, regional or professional accreditation. This kind of state accreditation is very desirable, but it is totally different from the concept of "state accreditation only," which can stifle the tremendous advances which we have made in our institutions of higher education through free interchange with institutions in other states and regions. The best type relationship which can exist is one in which the regional or professional accrediting association recognizes the place and value of state accreditation, and, in turn, the states understand the need for, and the unique role of, regional and specialized accrediting agencies.

While the role of the accrediting associations, whether they be general or specialized, is primarily that of maintaining and improving the quality of education, they do serve in another manner with which you are perhaps more familiar than in the strickly academic or professional fields. I am speaking now of the place at which many legislators say, "They've quit preaching and gone to meddling," namely in the area of protecting the freedom and integrity of the institutions of higher education. This is deemed necessary for the continuing quality of our institutions.

When we object to outside interference in the affairs of colleges or schools, we do not mean political interference only. Frequently, institutions are subjected to unusual or extraordinary pressures from local communities, citizens groups, church groups, even professional organizations. All accrediting organizations will always be concerned when institutional integrity and academic freedom are threatened by forces originating from any of these sources. It should be pointed out, however, that we are not trying to stifle the normal criticism or pressures brought to our schools and colleges. Many groups and organizations have the responsibility to make themselves heard in the affairs of the institutions with which they are concerned. This is as it should be. Such pressures are expected and are healthy as long as they are within the group's or organization's jurisdiction and do not clash with the stated purpose of the institution. However, interference in the affairs of an institution from any of these sources is an entirely different matter, and interference should not be confused with the terms "normal interest or concern."

In conclusion, may I say that the idea of voluntary accreditation is of extreme importance at this moment in our nation's history. There is no single society with which I am acquainted which has any pretensions to sophistication that does not have some form of accreditation for higher education. But ours is the only society on the face of this globe where accrediting is voluntary and non-governmental. Why is this so important to us? It is important because voluntary responsibility is a fundamental characteristic of the society of which we are a part and to the preservation of which I hope and trust we are dedicated. Voluntarily assumed self-discipline is basic to our way of life. A free society stays free only as far and as long as the individual citizens or its individual institutions are willing to assume the responsibility for self-discipline.

My belief is that there is no agency or group better able to assist in upgrading the quality of our educational institutions and protecting the integrity of these colleges and universities than the accrediting associations. These are not agencies operated by one man, or by a small clique, or by one party or one denomination. They are large, broadly based operations depending upon the principles of self-regulation and self-control reflected through cooperatively devised standards arrived at by the consent of all the constituent organizations. These, I believe, can be depended upon to preserve education as an essential force in a society of free men. Again, I remind you that these criteria are not the reflection of one institution which may occasionally go astray, but rather the combined thinking of all of our best institutions. When we can no longer depend upon the judgments and deliberations of the combination of our educational institutions, I fear that the end may be closer than we think.

With both public and independent school forces of every level joining hands, I believe that we can keep accrediting positive, constructive, and socially useful--that is, as long as we have the courage, the faith, and the foresight to impose upon ourselves, upon our institutions, a real zeal for self-discipline and as long as we demonstrate a high devotion to quality in our educational programs.

# RESOLUTIONS

WHEREAS, the Southern Regional Education Board's fifteenth annual Legislative Work Conference has met in Asheville, North Carolina, July 27-30, 1966, and

WHEREAS, the Conference has been honored to hear addresses by Governor Dan K. Moore of North Carolina and Governor Carl E. Sanders of Georgia, and

WHEREAS, outstanding leaders in the fields of higher education and state government have made invaluable contributions to the success of this Conference through discussions on topics of vital concern to our states, and have given us a chance to discuss these issues among ourselves, and

WHEREAS, the staff of the Southern Regional Education Board, directed by Dr. Winfred L. Godwin, has planned and conducted an informative and interesting Conference on Financing Higher Education, and

WHEREAS, the State of North Carolina has been the gracious host to the Conference, with the able leadership of the North Carolina delegation, the North Carolina members of the Southern Regional Education Board, and Senator Lloyd C. Bird of Virginia, Chairman of the Legislative Advisory Council,

NOW, THEREFORE, BE IT RESOLVED that this fifteenth annual Legislative Work Conference hereby expresses its sincere appreciation to Governor Moore and Governor Sanders and all other participants for their work toward the advancement of higher education in the fifteen states served by the Southern Regional Education Board, and to Dr. Godwin and the staff of the Southern Regional Education Board for their guidance and planning in this Conference, and to the State of North Carolina and its official Conference delegates and Board members and to all others who have contributed time and effort to make our visit to North Carolina a pleasant and memorable occasion.

## RESOLUTIONS

WHEREAS, the Southern Regional Education Board's fifteenth annual Legislative Work Conference has heard discussions on trends in higher education, state budgeting processes, accreditation, and the importance of effective state planning as a basis for fully meeting a state's needs in higher education while making the fullest possible use of its resources, and

WHEREAS, the delegates to this Conference have participated in discussions on future costs of higher education including operating costs, capital expenditures, and costs to students, and

WHEREAS, the overriding need for state and regional planning has been emphasized throughout these discussions,

NOW, THEREFORE, BE IT RESOLVED that the fifteenth annual Legislative Work Conference hereby requests the Southern Regional Education Board to strengthen and expand its invaluable service to the fifteen states it serves through continued consultation, research, information, and other assistance essential to more effective state and regional planning for higher education.

# ROSTER

## DELEGATES

### ALABAMA

Senator J. T. McDow
Columbiana

Representative Ollie W. Nabors
Gadsden

Representative Pete Turnham
Auburn

Senator Robert T. Wilson
Jasper

### ARKANSAS

Senator Russell Elrod
Siloam Springs

Representative Ode Maddox
Oden

Senator Clifton Wade
Fayetteville

### FLORIDA

Representative Phil Ashler
Pensacola

Senator Ruebin O'D Askew
Pensacola

J. Broward Culpepper
Tallahassee

Senator L. K. Edwards, Jr.
Irvine

### FLORIDA - Continued

Chester Ferguson
Tampa

D. Robert Graham
Miami

Senator Beth Johnson
Orlando

John Robert Middlemas
Panama City

James L. Wattenbarger
Tallahassee

### GEORGIA

Representative J. Robin Harris
Decatur

Senator R. Eugene Holley
Augusta

Representative Thomas T. Irvin
Mt. Airy

Representative Chappelle Matthews
Athens

Representative H. Walstein Parker
Sylvania

Senator Lamar R. Plunkett
Bowdon

KENTUCKY

Representative Julian M. Carroll
Paducah

Representative Mitchell B. Denham
Maysville

Representative Gether Irick
Stone

Speaker Shelby McCallum
Benton

Senator William C. Mann
Burkesville

Representative Dan Roberts
Walton

LOUISIANA

Representative Joel T. Chaisson
Luling

Senator Howard Duncan
Crowley

Senator Olaf J. Fink
New Orleans

Representative Donald L. Fortier
New Orleans

Senator Sylvan Friedman
Natchez

Representative Frank Fulco
Shreveport

Representative S. M. Morgan, Jr.
Coushatta

MARYLAND

Senator J. Joseph Curran, Jr.
Baltimore

Delegate William M. Houck
Thurmont

Delegate Norman E. Polk
Pocomoke

MISSISSIPPI

Senator Robert D. Anderson
Okolona

Representative Joseph N. Bailey, Jr.
Coffeeville

Senator Ellis B. Bodron
Vicksburg

Representative Edgar Lee Boteler, Jr.
Grenada

Representative Thompson McClellan
West Point

Senator John William Powell
Liberty

NORTH CAROLINA

Senator Julian R. Allsbrook
Roanoke Rapids

Representative C. Alden Baker
Elizabeth City

Representative Allen C. Barbee
Spring Hope

NORTH CAROLINA - Continued

Victor E. Bell, Jr.
Raleigh

Howard R. Boozer
Raleigh

Representative John T. Church
Henderson

Representative I. C. Crawford
Asheville

Senator Albert Ellis
Jacksonville

Representative Gordon H. Greenwood
Black Mountain

Representative Herschel Harkins
Asheville

W. C. Harris, Jr.
Raleigh

Senator Weston Hatfield
Winston-Salem

Representative Thomas B. Hunter
Rockingham

Senator Herbert L. Hyde
Asheville

Representative Roger C. Kiser
Laurinburg

Senator Hector MacLean
Lumberton

Representative M. Glenn Pickard
Burlington

NORTH CAROLINA - Continued

Representative James E. Ramsey
Roxboro

Senator Thomas W. Seay
Spencer

Senator Frank Watson
Spruce Pine

## OKLAHOMA

Representative Brian F. Conaghan
Tonkawa

Speaker J. D. McCarty
Oklahoma City

Representative Ruth M. Patterson
Guthrie

Representative William H. Skeith
McAlester

Representative Phil Smalley
Norman

Representative J. Thomas Taggart
Oklahoma City

Representative Leland Wolf
Noble

## SOUTH CAROLINA

Representative Harold D. Breazeale
Pickens

Representative Purvis W. Collins
Winnsboro

## SOUTH CAROLINA - Continued

Senator Rembert C. Dennis
Moncks Corner

Representative W. Brantley Harvey, Jr.
Beaufort

## TENNESSEE

Representative Marvin J. Brode
Memphis

Representative David Givens
Somerville

## TEXAS

Representative Don Cavness
Austin

Senator Tom Creighton
Mineral Wells

Representative Lee Duggan
Houston

Representative Gene Fondren
Taylor

Senator Jack Hightower
Vernon

Representative Felix McDonald
Edinburg

Representative Rayford Price
Palestine

Representative Reed Quilliam
Lubbock

## VIRGINIA

Senator Lloyd C. Bird
Richmond

Senator James D. Hagood
Clover

Senator Paul W. Manns
Bowling Green

Delegate Samuel E. Pope
Drewryville

Delegate D. French Slaughter
Culpeper

Delegate W. Roy Smith
Petersburg

Delegate J. Warren White, Jr.
Norfolk

## WEST VIRGINIA

Delegate Kenneth Auvil
Belington

Delegate Nick Fantasia
Kingmont

Senator Noah Floyd
Williamson

Delegate Robert Harman
Keyser

Senator Glenn Hatcher
War

Senator Walter A. Holden
Clarksburg

WEST VIRGINIA - Continued

Senator Tracy Hylton
Mullens

Delegate C. P. Marstiller
Bridgeport

Senator C. R. Montgomery
Pine Grove

Delegate Mrs. Herbert Schupbach
New Martinsville

OTHER PARTICIPANTS

A. J. Brumbaugh
SREB Consultant

M. M. Chambers
Education Consultant
Bloomington, Indiana

Comer S. Coppie, Executive Director
Board of Trustees of the State Colleges
Baltimore, Maryland

Arthur L. Cunkle
Florida Legislative Reference Bureau

Frank G. Dickey, Executive Director
National Commission on Accrediting
Washington, D. C.

Wesley N. Dorn, Director
Maryland Advisory Council on Higher Education

Lewis C. Dowdy, President
Agricultural and Technical College of North Carolina

E. T. Dunlap, Chancellor
Oklahoma State Regents for Higher Education

William C. Friday, President
University of North Carolina

Ted C. Gilbert, Executive Secretary
Kentucky Council on Public Higher Education

Lyman A. Glenny, Director
Illinois Board of Higher Education

Edwin C. Godbold
SREB Associate Director for Administration

Winfred L. Godwin
SREB Director

Carolyn G. Hughes
SREB Staff

John X. Jamrich, Associate Dean
College of Education
Michigan State University

Kingston Johns, Jr.
College Entrance Examination Board
Sewanee, Tennessee

David V. Kerns, Director
Florida Legislative Reference Bureau

Harold L. McPheeters
SREB Associate Director for Mental Health Training and Research

James L. Miller
SREB Associate Director for Research

Dan K. Moore, Governor
State of North Carolina

Rudolph Pate
SREB Associate Director for Development

Sally A. Pope
SREB Staff

Jack E. Prough
State Budget Examiner
Baton Rouge, Louisiana

W. H. Read
Vice President for Finance
University of Tennessee

Mary Ann Reed
SREB Staff

Jack W. Rollow
SREB Associate Director for Regional
Programs

John Dale Russell
Education Consultant
Bloomington, Indiana

Jerry H. Rust
Department of Education
Nashville, Tennessee

Carl E. Sanders, Governor
State of Georgia

E. F. Schietinger
SREB Research Associate

Joyce Tallman
SREB Staff

Russell I. Thackrey, Executive Secretary
National Association of State Universities
and Land-Grant Colleges
Washington, D. C.

Prince B. Woodard, Director
State Council of Higher Education
Richmond, Virginia